

THE SOVIET UNION:

Socialist or Social-Imperialist?

Part II: The Question Is Joined

Raymond Lotta vs.
Albert Szymanski

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or
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Albert Szymanski*

*The Question Is Joined —
Full Text of New York City Debate,
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Preface

May 19-22, 1983, a major conference was held in New York City, focusing on the question "The Soviet Union: Socialist or Social-Imperialist?" Originally proposed by the Revolutionary Communist Party in May of 1982, the conference was actively built by and involved the participation of scholars, activists, and political forces, holding diverse views on the conference topic. The first three days of the event consisted of topical sessions presenting contrasting views on Women in the Soviet Union, The Soviet Union in the Horn of Africa, The Law of Value in the Soviet Economy, The Soviet Union and the Arms Race, Workers' Role in Soviet Society, and The Soviet Union in Southern Africa, with each session characterized by spirited debate on the part of both the panel speakers and the audience.

The conference culminated May 22 in a face to face debate by major spokespersons for the opposing views. Speaking in support of the socialist character of the Soviet Union was Albert Szymanski, Professor of Sociology at the University of Oregon. Szymanski is the author of *Is The Red Flag Flying? The Political Economy of the Soviet Union Today* (1979), *The Logic of Imperialism* (1982), and a forthcoming volume on human rights in the Soviet Union. Presenting the Maoist and Revolutionary Communist Party analysis that

capitalism has been restored in the Soviet Union and that it is today a social-imperialist country was Raymond Lotta, author and lecturer. Lotta is the editor of *And Mao Makes Five: Mao Tsetung's Last Great Battle* (1978) and co-author of *America in Decline* (1983). The debate was moderated by Anwar Shaikh, Associate Professor of Economics at the Graduate Faculty of the New School for Social Research in New York City.

As a contribution towards the conference and debate, the editors of *The Communist* invited several scholars of opposing viewpoints to present their analyses of different aspects of the debate over the nature of the Soviet Union. That collection of four essays appeared in April 1983 under the title *The Soviet Union: Socialist or Social-Imperialist?* This volume brings the contending issues into even sharper focus by presenting the complete text of the historic debate of May 22, 1983, recorded before an audience of over 800 in the International House Auditorium adjoining Columbia University.

The last twenty years have witnessed a profound and explosive debate over the nature and role of the Soviet Union among both scholars and revolutionaries. It has not, however, been "the same old debate" rerun in terms more shrill. Rather, there has been a progressive development of the substance of the debate, with important turning points corresponding to major developments in the world. Splits have emerged over this question within revolutionary movements, and long-standing alignments have broken with new ones forming. Wherever new forces break into mass struggle, the question pushes itself to the fore: "the Soviet Union — friend or foe? capitalist or socialist?" In addition, there has been the development of new theoretical work, posing new questions and problems, and demanding that theory be developed and not just enshrined. In all, a lively, exciting atmosphere exists around this question.

A major turning point was the 1963–64 publication of the Chinese polemics blasting away at what they termed "modern revisionism." This struggle took place against a backdrop of the 20th Congress of the Communist Party of the Soviet Union, Khrushchev's changes in Soviet political theory and economic management, and Soviet foreign policy during a high tide of anticolonial struggles worldwide.

The Soviet invasion of Czechoslovakia and the Cultural Revolution in China added more fuel to an already raging debate and

sparked some notable theoretical exchanges and contributions. Prominent among these was the exchange of essays between Paul Sweezy and Charles Bettelheim. This was followed in the mid-1970s by new contributions originating from Maoist parties and organizations throughout the world.

The intensification of the U.S.-Soviet conflict and the denunciation in China itself of Mao's theories of revolution and revisionism have produced yet another turning point in the debate. This has been accompanied by the publication of a number of important theoretical challenges to the Maoist theory of capitalist restoration, presenting new arguments to support the socialist character of the Soviet Union.

The contradictory events of this new period have raised even more profound questions about the nature of capitalism and the nature of socialism. In Poland there has been a massive political movement in the working class against a self-described socialist government. Even allowing for the reactionary influence of the Church and the West, why would a working class raised under socialism rise against a socialist government? In Central America and Africa, where millions are struggling against U.S.-backed neocolonial regimes, the Soviet Union is now actively involving itself in the armed struggles of the national movements. If the Soviet Union were actually imperialist, would not the logic of that system impel it to unite with other imperialists against any genuine revolutions? China has for now moved into the U.S.-led bloc, while preserving state ownership and moving ever closer to the Soviet system of economic management. Is the essence of socialism to be found in an ownership form, and is there no connection between a country's economic system and its foreign policy? Globally, the Soviet Union has achieved a rough level of parity with the U.S. in strategic weapons. Yet while millions take to the streets in opposition to the threat of nuclear war, both blocs engage in a frenzied emplacement of new and ever more horrifying nuclear and chemical weapons systems. Is the Soviet Union the force for world peace which it claims to be, forced into an unwanted arms race by aggressive U.S. imperialism, or is it an aspiring imperialist power in its own right driven by the same compulsion to a war of global redivision?

It is against this backdrop that the May 1983 conference took up and debated major underlying questions of theory: How is it possible for capitalist relations of production to exist without the jurid-

ically private ownership of productive property and a traditional capitalist labor market? If the Soviet Union is capitalist, then where are the phenomena classically associated with capitalism — recurring crises, unemployment, and class differentiation? How could the rule of the working class be overthrown and a different mode of production be established without a violent counterrevolution and without the masses sensing and resisting the change? Isn't it idealism to assert that the restoration of capitalist economic relations emerges from changes in the ideological and political line of the ruling party? Where is there any evidence that the Soviet Union exports capital or is in any way subject to the laws of imperialist accumulation? And doesn't the theory of a Soviet social-imperialism driven to international expansion dovetail with the Reagan administration's rationale for a renewed arms race?

These were the questions joined at the May 1983 conference, debated, and raised to a new level. As this was the first major theoretical confrontation since the death of Mao in 1976 to address explicitly the question of whether the Soviet Union is socialist or social-imperialist, interest was high and the results of the new theoretical work were in evidence. Because of the obvious relevance of the issues being addressed, a public letter of support was signed by over fifty prominent individuals representing both sides in the debate. Total registration was over 1,000, including individuals and groups from numerous countries, including: Afghanistan, Australia, Azania, the Dominican Republic, Eritrea, Ethiopia, Guinea, Haiti, Indonesia, Iran, Jamaica, Libya, Mexico, Nicaragua, occupied Palestine, Panama, Puerto Rico, El Salvador, and Turkey.

The culminating debate consisted of one-hour presentations, first by Szymanski, then by Lotta. The presentations were followed by fifteen-minute rebuttals in the same order. The session was then opened up for one hour of questions and comments from the audience, during which the debate panel did not respond. The session ended with closing remarks by both speakers, speaking in the opposite order, in which they addressed some of the questions raised by the audience and summarized their own positions.

The text which follows consists of the speakers' remarks only, in the order in which they were presented and slightly edited by the authors.

On behalf of the Organizing Committee, I would like to thank all those whose efforts made this important exchange possible, including especially Raymond Lotta, Anwar Shaikh, Al Szymanski, the speakers and moderators of all the topical sessions, the many signatories of the letter of support, and the volunteer office staff. We also wish to thank RCP Publications for making publication of this transcript possible.

C. Clark Kissinger
for the Organizing Committee
August 1983

The Red Flag Still Flies: Workers' Power in the USSR

by Albert Szymanski

I've passed out a sheet that summarizes many of the comments, so I hope everyone either has one or can look on to one. I maintain that the RCP or others who want to show that the Soviet Union is state capitalist have to prove four essential points, and those points are listed and summarized there.

The first point, and this is the essence, the *sine qua non* of capitalism, is that labor power is a commodity, and I think that most of the time Maoists have tried to prove that the Soviet Union is capitalist they haven't shown that. I don't think they've ever shown that. Usually what they show is that things like wages exist. You have to do more than that. Wages of course existed before the mid-50s; they existed in China. They have to do more than show workers are not paid the full value of their labor power. They have to do more than say that workers are motivated by material incentives. Marx made it real clear in *Critique of the Gotha Programme* that in socialism, people are rewarded according to their labor — that's a criterion of socialism, not evidence of capitalism. And Lenin, Marx, and others called it "bourgeois right" that prevailed in a socialist society; not the communist criterion of "each according to his needs."

It's got to be shown that the logic of labor markets operates;

specifically that the logic of $M - C - M'$ predominates. Labor has to be purchased in order to expand value — that's the *sine qua non* of capitalism. Not even commodity production — that's not the definition of capitalism. $M - C - M'$, the purchase of labor power in order to expand value — that's the *sine qua non* of capitalism.

Secondly, it has to be shown that a ruling class exists, a class that's defined by its relations of production, that has comparable prerogatives and comparable privileges to every other capitalist class, the capitalist classes in the West. It must be shown that it appropriates surplus value in amounts comparable to Western capitalists, and that it uses it in its own interests and in comparable ways — *against* the interests of the working class. It's not sufficient to show that someone has a two-room summer cottage, they have access to special shops or boutiques, or they've got fancier clothes, because those people in the West — doctors, lawyers, any middle class kind of person — have those privileges, and that's not proof that doctors and lawyers are part of the capitalist class. It's not sufficient to show that the children of the Central Committee or top managers almost all go to universities and end up in the intelligentsia — that's true of all doctors and lawyers in the United States, and that doesn't prove that doctors and lawyers are part of the capitalist class. The intelligentsia is 15 percent of the population. It's got to be shown that there's a close linkage, generation to generation, of top positions.

If there is a ruling class, it must act like one. It must act like every other ruling class in history, like every feudal ruling class, every ruling class in slave-owning society, every ruling class in capitalist society. It must use its power, and it must use its power in its own interests against the working class. It has to have luxury consumption, it has to use its privileges, and has to pass that on. And if the answer is, "well, they have a new, more advanced form of ruling class," that doesn't have luxury consumption, it doesn't have a lot of privileges, and doesn't pass it on, you have to ask, why not? If they're so powerful, why don't they use that power like every other ruling class does? Don't they care about their children? Don't they care about luxury consumption? And if the answer is they'd be afraid of losing their position if they had luxury consumption or if they passed it on, what you're saying is that they don't have the power to pass it on, they don't have the power to do luxury consumption. In other words, they are *not* the ruling class. So, the RCP and Maoists have to show that there is a *privileged* ruling class that

can pass on those privileges, and not that they can do what doctors and lawyers do in the United States.

Third, it's got to be shown that there's been a qualitative deterioration in the position of the working class, and a qualitative improvement in the position of the *alleged* state capitalists, at the time it is claimed there was a restoration of capitalism — and I believe that the RCP makes that claim for about 1955-56; some people bring it up to 1965. But you have to show there was a qualitative change, and there was evidence of a qualitative change in the direction of labor power becoming a commodity and the logic of $M-C-M'$ taking over, the purchase of labor power in order to expand value, during that time. And of course you also need to show that there was a qualitative increase in the privileges and prerogatives of the *alleged* capitalist class.

You also, of course, need to show, if the claim is that it's an *advanced* capitalism, that it's imperialist, that there was a qualitative change in its international economic relations at that time, from socialist, proletarian internationalist to imperialist. It's not sufficient to show that profit was introduced as a *secondary* criterion of evaluation, one of among fifteen criteria, and a secondary one — that's not evidence of profits in command.

Fourthly, it's got to be shown that the Soviet Union *is* imperialist, and imperialism in the age of monopoly capitalism means the drive for the export of capital and the resultant realization of ever-growing profits from investments in other countries. You have to show that the logic of capital export is predominant, and that on average and in the normal case the Soviet Union is governed by the logic of the export of capital and the accumulation of profit from that process as the normal case — we can't argue about just an exceptional case, as the RCP booklet* points out very well; we have to talk about the average result. It's not sufficient to show that the Soviet Union engages in trade and receives benefit from trade, as one of the articles in the booklet seems to claim, because of course the Soviet Union engaged in trade in the 1930s, and even during the Cultural Revolution China engaged in trade. It's a rather strange argument in the booklet that if you're really socialist or maybe a communist country, you have to be self-sufficient. Where in the world did this idea come from? Marx himself was very strong in ar-

* *The Soviet Union: Socialist or Social-Imperialist?* (Chicago: RCP Publications, 1983).

guing for *free* trade in his lifetime; he was even against *tariffs*, never mind for autarky. What kind of world would it be if the working classes in different countries didn't trade with each other? It's a bizarre, un-Marxist notion that autarky is somehow more revolutionary than the exchange among working classes.

It's not sufficient to show that Soviet foreign aid requires partial payment. We have to make sure in order to claim that it's imperialism that there is *exploitation*, there is systematic exploitation. We can't use circular arguments — I think much of the RCP position is circular. The claim that Cuba is not socialist because it's allied with the Soviet Union, which is imperialist, and the Soviet Union is imperialist because it trades or aids Cuba, which is not socialist. I mean, we get that kind of circular argument too much. We have to have independent criteria of what imperialism is and what socialism is, and we can't argue in that kind of circular way.

And it's not sufficient to show that the Soviet Union intervenes in a country. Intervention has never been a criterion of imperialism — the export of capital in order to economically exploit a country, that's the criterion of imperialism, not intervention. In no place in Marx or Lenin was the claim ever made that Marxists don't support intervention. Marx supported the Civil War in the United States, that is, the North's intervention in the South. Lenin intervened actively in Poland in 1920, and in Armenia and Georgia, and in the suppression of the counterrevolution in Central Asia in the early 1920s. The Bolsheviks intervened many times. Stalin intervened in 1940 in sending the Red Army into Latvia, Estonia, Finland, and Lithuania. You have to judge interventions in terms of the line, in terms of their policy, not in terms of some abstract criterion that interventions are bad or good. In other issues the RCP is very good in talking about line decides, but when it comes to interventions the claim is often made that interventions are evidence of imperialism. That's *very* un-Marxist.

It's not a question of trade or aid being imperialist because it spreads capitalist relations. I mean, again, this is a very un-Marxist claim. As some of the quotes at the end of page six of the handouts show, the Communist International, the Leninist tradition, has always said that the development of a national bourgeoisie is progressive; especially the Maoist tradition has argued for the two-stage and four classes theory of revolution — that communists should even ally with the national bourgeoisie. So the alleged argument

that if Soviet trade or aid promotes capitalism in a country, that proves it's imperialist, is silly, because you get an A/not-A argument, as Parenti was arguing yesterday. If it aids the development of a country, it's imperialist because it facilitated capitalism; if the terms of trade are bad and it hinders the development, that proves it's imperialist because it exploits them. Well, I could do that in reverse. I could say that if it holds back capitalist development it's not imperialist because it puts the lid on capitalism. And if it has good terms of trade it's not imperialist because it's aiding that country's development. So A/not-A arguments are no good. What you have to do is say if the country is imperialist, this follows. If the country is socialist, that follows. You can't keep switching the terms of your debate so no matter how the evidence comes out you can prove it, because then both sides can do it, and it's just not logical.

Another inconsistency is that there was an amazing switch in the Maoist critique of imperialism. If you read all the early writings of the Central Committee of the Chinese Communist Party, when they first began their polemics against the Soviet Union, what was the principal evidence they presented that the Soviet Union was social-imperialist? Well the evidence was they gave *insufficient* support to the Algerian revolution, *insufficient* support to Cuba, *insufficient* support to Vietnam. It was that the Soviet Union was not actively supporting world revolution. Now they did a total switch. I mean, the Soviet Union increasingly over the course of the '70s came to support Vietnam, came to support other revolutionary movements around the world. And so now what's the evidence of Soviet social-imperialism? It is that Big Brother intervenes and tries to start revolutions and aid revolutions. So now the problem is they *support* revolutions. Well, you can't have it both ways; make up your mind. Are you imperialist because you don't support revolution, or are you imperialist because you do support revolution, and then we can argue about it — you can't keep switching your terms, because then I could do the same thing in reverse and prove that if it didn't support revolutions it's revolutionary because it doesn't intervene, and if it does support revolutions, its revolutionary because it supports revolutions. You've got to be consistent, you can't keep changing the terms of the debate.

And, again, remember, if you have the Maoist position it means the Soviet Union was internationalist, was proletarian internationalist, before the mid-50s, so you have to present evidence that

it changed. And believe me, virtually all the evidence is very strong that it went the other way, especially in its relationships with Eastern Europe. Before 1953, it bought Polish coal at 10 percent of the world price. In 1953, it went to paying the world price, and in 1956 it compensated Poland for all the cheap coal it had bought before. There maybe were 1,000 or so joint enterprises that the Soviet Union took over that had been the Nazi businesses in Eastern Europe, and they ran them 50-50 supposedly, but a lot of value was transferred to the Soviet Union before '56. And between '53 and '56 they turned over *all* those enterprises but one in Bulgaria to Eastern Europe without compensation. So Soviet relations with Eastern Europe qualitatively changed alright, they qualitatively changed in *favor* of Eastern Europe and away from subsidizing the Soviet Union. I don't argue that the Soviet Union was imperialist before '56 by any means, but the economic change was definitely not in the direction of any kind of social-imperialism after that period.

So, in general Maoists haven't been able to do any of the four things that are necessary, and I think there has been a certain retreat from the classical Maoist position. I also think that Maoist theories are generally based on un-Marxist definitions and un-Marxist theories; that instead most Maoism is *much* closer to the anarchist, the syndicalist, and the New Leftist definitions of socialism — that this idea of autarky is somehow revolutionary reminds me of the "small is beautiful" movement. The anti-authoritarianism of the New Left, anti-division of labor, anti-hierarchy is all inherited from SDS and has really nothing to do with Marxism. And so often socialism is confused with communism. Communism means no division of labor, no money, no material incentives, no state, where workers do things spontaneously out of a high level of consciousness, out of a high level of commitment. We're not talking about communism, we're not arguing whether the Soviet Union is communist — *nobody* claims it's communist. We're talking about is it socialist. Socialism means working class power in an economy that's socialized with distribution according to work, and, yes, the Soviet Union is those things.

Maoist theories about what happened, how capitalism is restored, are virtually identical to theories that are very common among conservative social theorists — Max Weber, Vilfredo Pareto, Michels — the idea that power corrupts, that if people are in positions of authority they kind of have almost a biological power

hunger to abuse their position, and that assumption may be debatable. But Marxists generally argue that people don't have such instincts, and I don't think it's true, you can't substantiate it. But I mean the *grosser* assumption is that even if the leaders were power hungry they would be able as a matter of *will* to transform socialist societies into capitalist societies so easily. I mean, they've done it how many times allegedly? In China; they've done it in Vietnam; they've done it in the Soviet Union and all of Eastern Europe. What is this power of leaders that they can so easily and smoothly transform a whole mode of production, so as most people don't even notice? In no other mode of production...feudalism didn't slip into capitalism, slavery didn't slip into feudalism, without people noticing. This is a very voluntarist as well as an idealist theory, and very un-Marxist. And the idea that heroic individuals, that Stalin, was able to hold back the tide, and when he died bad individuals with bad lines quickly took over. Mao, he was a great, heroic individual, he held back the tide and, you know, the people who came after him....

Marxists don't argue in terms of great individuals making modes of production and unmaking modes of production; Marxists talk about the *logic* of modes of production and about class struggle. These are un-Marxist categories: power hunger and the line of leaders determines everything. We have to talk about the logic of the mode of production. How could it be that virtually nobody in the Soviet Union in the mid-50s, or nobody in China, realized that they had a counterrevolution, that capitalism replaced socialism? In the Soviet Union we agree that for forty years it was basically socialist, or at least that the working class was in power. So the workers in that country had *forty* years of socialist education, were versed in Marx and Lenin, and every place around them they were trained to be socialists, and in 1955 and '56 a couple of people with a bad line take over and restore capitalism and nobody noticed! You know, I can see in the United States if workers grew up under capitalism they could be confused, but in a country where they were educated for forty years in socialism hardly a worker noticed that capitalism was restored — not very likely, not very likely at all, and this would make socialism totally unique from all other modes of production. When you switch from one to another, people not only notice, they *fight* on both sides. It's a very idealist, very voluntarist, and un-Marxist conception that the line of the leaders decides everything.

Maoist theories generally share the "managerial revolution" thesis. It virtually amounts to "convergence theory," the theory of Berle and Means, or Bell, or Galbraith, that it's the power of management — they have control of communications, and bureaucracy, and organization, and it's so easy for them to take over. They're power hungry and they have the ability to organize. People in the '40s wrote books — Burnham — about how Nazi Germany and the Soviet Union and the U.S. were all the same — the managerial revolution. Well, it comes to the same thing. If there are no socialist countries in the world, and every socialist revolution has failed, this amounts to the convergence theory. The same thing — the managers always take over in every country. So it's convergence theory in everything but name.

There is no evidence in fact that a ruling class, even *remotely* comparable in privilege to that in the capitalist countries, exists. The RCP has conceded that point, as far as I can see, and argues that the so-called capitalist class in the Soviet Union does not have the comparable kinds of privileges. But I just want to emphasize that they don't. In fact, the top leaders there have income maybe 2, 3, 4 times at the most the average wage of skilled workers, while in the U.S. it's 100 or 200 times more. You add in all the social wage, yes, it's true that they have access to the car of the enterprise and get a 25 percent bonus, but the amount of fringe benefits, the social wage available to workers is much greater as a percentage. Not only do they get free medicine and free education and virtually free day care and free rent, but the whole pricing structure in the Soviet Union is such as to greatly subsidize the basic foodstuffs and things like children's toys. And cars are extremely expensive; luxury goods are extremely expensive. So somebody did a study that the difference between a skilled worker and top manager in a Soviet enterprise is 2 to 1 in their take home pay, but that what you could buy with it is only 50 percent greater, so if you take into account all the privileges and fringes, the working class is better off than they are in terms of their paychecks.

In the United States, only about 3 percent of the top businessmen and the top managers are from the working class or poor farm families. In the Soviet Union it's 80 percent and constant. That's a qualitative difference — 80 percent of the top managers and top Central Committee people are from the common class, compared to 3 percent in the United States — that's a qualitative difference that

reflects a qualitatively *different* mode of production, because if there was a ruling class there, even a small one, they would *act* like it if they had the power, and they would pass it on. It's idealist to think that they have the power but they don't use it, that somehow they are only secretly capitalist, they are afraid to use it or don't use it — they *have* to use it if they're a ruling class, that's the criterion historically of what a ruling class would be. If they're a ruling class they would act like it.

The egalitarian trends in the Soviet Union are very strong, and the inegalitarianism tendencies in the Soviet Union were reversed in the mid-50s. The exact time when they claimed that capitalism was restored is the time when there was a radical increase in equality — the income spread between the top 10 percent and the bottom 10 percent has been reduced by half in the Soviet Union. And, you know, when you're talking of the people in the top 10 percent it's interesting to see who's there. Probably a majority of the people in the top 10 percent in the Soviet Union are now skilled workers. You don't find many skilled workers in the top 10 percent in the United States. But the RCP is right; the key thing is not the top 10 percent in the U.S. or Sweden, because after all Sweden looks about the way the Soviet Union does if you just look at the top 10 percent. The key thing is the very top economic positions in relationship to the working class, and there it would be better to stick with the top 10 percent because until a couple years ago many top managerial salaries and all top salaries were frozen in the Soviet Union for about twenty years, while the working class doubled its pay. So in terms of any gap between the alleged capitalists and the workers, it has radically shrunk at the same time as they claimed there was a capitalist restoration, and there is no evidence there for any kind of capitalist restoration.

Now, the RCP has retreated. Let me just quote you just a sentence from *Red Papers* 7, which was done about 1975. The RCP then said, "In the Soviet Union today the distribution of wealth has grown increasingly uneven and the ruling class in every respect is a privileged elite. Expanding differentials in income are coupled with cutbacks in social services." The RCP no longer argues that; the evidence is overwhelming that it's not true. Instead what seems to be now the emphasis, to replace that, is that in the Soviet Union you have accumulation for its own sake, that you have a new, "advanced" form of capitalist who doesn't skim off very much for lux-

ury consumption, doesn't want to pass it on; but essentially in whose interests the surplus is used is the idea — the claim that dead labor commands living labor, that there's mindless accumulation, that you have the process $M-C-M'$. Well, it's not true. In the Soviet Union you have the production primarily of use values and production is focused on the production of use values predominantly for the working class, and the plan, the central plan, is in command and that central plan is geared to political goals, not to maximizing profit, that there is no accumulation for its own sake. And this means that working class politics is in command.

Now let me just outline what socialist accumulation looks like. And what does capitalist accumulation look like? Let's make a model of the two kinds of accumulation. Let's compare capitalism in the West to what, as Marxists and Leninists, we would see as socialist accumulation. I think the bottom line here and the essence is that capital accumulation is governed by the process that you start with money, you buy a special commodity, namely labor power, and you can sell its product and make a profit on it — $M-C-M'$. And the basic criterion of socialist accumulation is that it's guided by a plan that's organized to serve the working class.

And what are the specifics? Well, normally capitalist accumulation implies the use of a reserve army of labor, to make sure there's exploitation, to make sure there's surplus value, and under socialism there's no reserve army of labor. Now somebody claimed the other day that Switzerland doesn't have any reserve army of labor. Please . . . I mean at the same time people claim that there's one unified world capitalist market. I mean, people should know that until recently in Switzerland 25 percent of the working class was Portuguese, Italian, and Turkish. It may be true that if you're a Swiss citizen your rate of unemployment is less than 1 percent, but believe me, the reserve army of labor in Switzerland does not reside, does not have citizenship rights in Switzerland. That area of the world is one unified labor market. While France may have had 2 percent unemployment ten years ago, its unemployed, its reserve army of labor, was in Algeria. Capitalism needs a massive reserve army of labor, and the Common Market found it in the southern part of Europe and the northern part of Africa. It could not have made a profit without a massive reserve army of labor. We should know better than to look at the Swiss unemployment rate. We know more about

world markets than that.

A second thing about capitalist accumulation is that the owners, or the managers if you will, can in fact fire workers, can close factories, can move factories, while under socialist accumulation they could not do that, that is, in the normal course of events, just to maximize profits. Third, capitalist accumulation is guided by only one consideration, and that's maximizing profits, while socialist accumulation is guided primarily by a plan, a central plan, and a plan oriented to serve the needs of the working class.

Fourth, in capitalist accumulation, a good part is oriented toward the production of luxury goods — that is, what Marx referred to as Production Sector III — the production of capitalist consumption goods. So what kinds of means of production are produced in Sector I are in good part guided by the needs of Sector III, and luxury goods have to be a major part of the output, and also waste production. In good part capitalists accumulate capital in order to accumulate capital; that means producing a lot of junky cars that fall apart just because they make profits. So capitalist accumulation, then, is oriented in part to luxury goods consumption by the capitalists, and in part to wasteful things that are just profitable to invest in. And to the contrary, socialist accumulation is geared to the production of use values for the working class.

Capitalist accumulation in the West is unplanned, essentially unplanned. It's accumulation for its own sake and it's accumulation for profit. And prices are pretty much governed by the law of value, though there may be some modifications. Now in contrast, socialist accumulation is planned, ultimately by political criteria, and in a real socialist society those political criteria would include the gradual abolition of the division of labor, would imply the gradual creation of equality, would imply increased social consumption, more and more goods being distributed on the basis of need and not on the basis of money; it would imply increased quality of life and education for the working class. So again we would have a totally different kind of thing. And normally capitalist accumulation also involves trade cycles, certain kinds of contradictions that have an internal logic, inventory logic, investment logic, and you wouldn't expect that kind of logic in a real socialist society. Now what I submit to you is the Soviet Union meets the criteria of socialist accumulation, much more than it meets the criteria of any kind of Western capitalist accumulation. And what we have here is another kind of

A/not-A argument. If there was unemployment in the Soviet Union, if it did produce luxury goods, they would say "Ah hah" . . . , but instead what we have is that it's a capitalism of a new type that has virtually all of the characteristics of classical socialist accumulation. Now what I say is that if it looks like coffee, and it tastes like coffee, and it smells like coffee, it's probably coffee and not tea of a new type.

I want to emphasize that the plan in the Soviet Union, the economic organization in the Soviet Union, is oriented toward the production of consumption goods for the working class *and* the advancement of very definite political goals. Not towards waste that happens to be profitable, and not towards Production Sector III goods, luxury goods. And the evidence for this — I'll just give a couple of strong examples — is the percentage of the wage in the Soviet Union or working class consumption that's consumed collectively on the basis of need has been increasing, and the percentage that is on the basis of material incentives or labor has been decreasing. In the '40s about 22 percent of what a worker consumed came as social consumption; that is, free education, free health care, and subsidized day care. Today it's over a third, about 35 percent for an average worker, and if you're a lower paid worker it's over 50 percent. This comes as rents being one-third of the cost of the maintenance of apartments, and on and on and on in subsidies.

Now there's an interesting thing here; the tendency has been strongly to increase the various subsidies, and strongly to increase things that have been distributed on the basis of need, *since* the mid-50s, towards social consumption. For example, in the Soviet Union today, 9 percent of the entire budget of the Soviet state goes to subsidize meat and dairy products — *9 percent*. In 1965 there was hardly any, so there's been a radical increase in the subsidy of meat and dairy products, and the alleged capitalist class can only consume so much milk and so much meat, so we know that the overwhelming majority of that is a subsidy and an increasing subsidy to the working class. And in fact 48 percent of the retail price of dairy and meat in the Soviet Union is the subsidy. They buy food, they buy meat, for example, from the collective and state farms at about \$2.50 a pound, and they sell it in the stores for about \$1.25 a pound, half the price. And no capitalist in the world operates on that basis. In a capitalist country you buy goods at a low price and you sell them at a high price, and that's a profit. In the Soviet Union they're

buying meat and dairy at twice what they sell it for, and that differential has been increasing so it's now 9 percent of the entire budget of the Soviet Union. When they subsidize agriculture, they subsidize the peasants to produce more so as they can give it cheaply in the shops, and that's why they're importing grain — they've *doubled* their grain production in the last 20 years. They're importing that grain to feed those animals, because the working class, whether we like it or not, maybe some of us are vegetarians and if we had socialism here we wouldn't increase meat consumption...but the Soviet workers want meat, and right now their meat consumption is about 70 percent of that in the United States and rising rapidly, and that's what they want. You can go there and argue with them, but the average worker wants meat. And that is working-class politics in command, whether we are vegetarians or not.

But there is a lot more going on than that. Social consumption, the increasing education — it's not simply a question of milk in refrigerators, as was pointed out yesterday. But if the workers want that, that is part of the bigger picture. Socialist accumulation implies that much of that production is oriented to serve the working class, that much of it is oriented to developing a communist future, and both are the case in the Soviet Union.

Now labor is not a commodity in the Soviet Union. There's no reserve army of labor putting pressure on the employed. In fact there's an extreme labor shortage in the Soviet Union. I mean, everybody who's studied it from the West — all the Congressional reports, all the Sovietologists — admit that the Soviet economy has the opposite problem of the Western economies: labor shortage, not labor surplus. Now the RCP suggests that they have kind of a shadow labor market there. I mean, they agree that there's no unemployment pretty much, but they say the plan kind of operates like a labor market. Well, if it did we would expect it then to *behave* like a labor market. I mean, it's possible that during World War 2 or in Nazi Germany, even though there was no unemployed, if the capitalists are in the right position maybe they could organize the economy to behave like a labor market. But then it's contingent on them to show that in fact the Soviet Union behaved like Nazi Germany in how its labor market worked, and it's just not so. The Soviet Union's economy does not behave as though there were a labor market. The wages are set centrally by the plan, so the wages for the same trades are the same for every place in the country, except in geographically

undesirable regions where they are set a little higher. The position of workers continually improves. The pay scales are not the same. Coal miners make much more than engineers in the Soviet Union, so you don't get the same kind of distributions as you get in the West. The highest paid are the top artists — they make much more than Central Committee people or top managers. The differentials between managers and workers are qualitatively less. You don't get the wage spread that develops in any capitalist economy in the Soviet Union. The labor migration patterns are the opposite. The standard labor migration pattern in a capitalist country is that people move from the poor, rural areas to the industrialized regions. In the U.S. for a long time that meant that Blacks and poor whites moved out of the South into Chicago, where today it's making people move from Mexico into the United States. Or in Europe they move from Jamaica to England, or from Algeria to France. But that is not the case in the Soviet Union — the migration patterns are exactly the opposite. They invest capital heavily in the poorest regions in order to bring them up to the European level, and so the labor migration is the reverse, so you get the opposite pattern there.

Workers have far too many rights in their jobs to consider labor power to be a commodity. Workers' participation is qualitatively more than exists in capitalist economies. And furthermore, workers' participation increased considerably in 1957 and has developed since. There are regular mass meetings of the workers that Western observers, anti-Soviet observers, go to and are very impressed at how intimidated managers are. In 1957 they set up Permanent Production Conferences that are elected bodies to participate in the decision-making in the enterprises and the allocation of labor, drafting the plan, etc. Probably the most powerful working-class instrument in the factories in the Soviet Union is the enterprise branch of the Communist Party. Now in the urban areas of the Soviet Union something like 70 percent of the recruits into the Communist Party in the last twenty years have been industrial workers. So that means in a factory — and no matter how many cells they have, or branches they have, like 80 or 90 percent of the people there are working-class people in these cells — they grossly outnumber the managers.

Now the party has real power in the enterprises to examine the books and generally politically supervise the management. In fact, the party, which is mostly working class in the enterprises, has control of appointments. A couple of people here have referred to the

nomenklatura in a totally distorted way, as if you're a party "honcho" you get a privileged top job. Well the system of *nomenklatura* was introduced in the early 1930s, and before the 1930s most of the experts in the Soviet Union were not communists. They were people who were holdovers from the Tsarist times, and so the workers had to keep a close eye on them. What happened in the '30s is you had a new generation of working-class intellectuals that were able to take over the management jobs and the engineering jobs. So the criterion of how we can be sure that the sons and daughters of the working class stay loyal to the working class, is that we promote communists to the top positions. From now on you have to be a member of the party, so working-class people can supervise you in the cells, and that's what *nomenklatura* means. Two million positions in the Soviet Union have to be filled by Communist Party members, or at least by people who are approved by the local Communist Party. That's political guidance, and we should all admit that's the way it worked in the 1930s. And so the party is very powerful in keeping the managers in line.

There was a national debate several years ago in the Soviet Union in the press about whether or not managers should be elected by all the workers in the factory, or whether or not they would essentially just be approved by maybe the 25-30 percent of the workers in the factory who are members of the Communist Party, and the arguments on both sides of it were sharp, and it was decided that it would be best to continue having the Communist Party members/workers approve the selection of the managers. There's an Attestation Committee in Soviet factories, with representatives of the Young Communist League, the trade union, and the party that again closely monitors the performance of the managers and has the power to remove managers. The unions are very active; they sign collective bargaining agreements every year, and if there is a disagreement they appeal to the trade union committee. If things ever get stuck and they go to the labor courts, workers come out very well; they win at least 50 percent of the time.

It's clear that the workers have qualitatively more participation, not participation, *power* in the workplace, even through the central plan, than they have in the capitalist countries. You combine the heavy level of participation with the fact that there's no reserve army of labor, and all the political mechanisms I may not have time to discuss right now — but I outlined I think on page four or five of

the sheet I passed out — and labor power in no way remotely resembles a commodity in the Soviet Union. You do not have $M-C-M'$, you don't have capital accumulation, you don't have the purchase of labor power in order to accumulate profit for its own sake.

It was also claimed that the Soviet Union, its economy, is determined in good part by its participation in the world market. Apparently the argument is something like you can't really have socialism in one country as long as that country trades or participates in the world capitalist economy. That's nonsense. The Soviet Union's participation in the world capitalist market is very marginal, and has very little relationship to any internal processes. Its internal processes are in no way a product of the world capitalist market. Its trade with the West amounts to 2 percent of its net material product, and virtually all of that 2 percent is marginal. The Soviet economy has been organized for virtual self-sufficiency for fifty years, so what it does in the world market is that — and I'll even admit that this is commodity production, but it's *simple* commodity production, and not expanded reproduction — it mines gold. It's got no use for gold (they could do like Thomas Moore suggested and make toilet seats out of it), so what they do is sell that gold to the West, and they import feed grain for animals so as to increase meat consumption. Or, there's three kinds of technology they've been trying to import primarily, and that's lumber mills, chemical factories, and petroleum and refinery equipment. But rather than have to rediscover and re-invent everything in the West, it's easier for them to do things like export their gold that's useless in a socialist country, or export their surplus petroleum, and buy stuff that increases the living standards of the working class and accelerates the logic of their development. But that's again marginal — they can live perfectly fine; they've doubled their own wheat production in the last twenty years or so, and they can develop all their own technology if they have to — that's no sign of real integration into the world market.

The plan is in control, and the way the trading enterprises operate is that there's no relationship between the domestic prices in the Soviet Union and world prices. Each year the plan says, look, if we've got to import this much feed grain we have to sell that. So the Soviets are basically organized to export in order to import, where any capitalist country has the opposite logic. In a capitalist country, what's a positive balance of trade? You export more than you import; you want to export, you don't want to import — that's the op-

posite logic of trade incorporated in the very term "positive" balance of trade. So the linkages are quite marginal. And I have trouble differentiating this argument — that since the Soviet Union exists in a capitalist world, you can't have socialism in one country — from Leon Trotsky's argument. I think that argument was proven to be incorrect a long, long time ago, and I think it's silly to re-raise it at this point.

If the Soviet Union is capitalist, capitalism today means imperialism, and imperialism today means guidance by the export of capital. Now it is true that the Soviet Union — I'll confess — the Soviet Union does have investments in the less developed countries. It's got \$18 million worth of investments in the less developed countries in 1979, according to the U.S. Congress' very thorough study. Almost all of this is in things that facilitate trade, like a little advertising thing or something else that facilitates Soviet trade; but there are six Soviet investments, *six*, in natural resource extraction, in the terms of the Joint Economic Commission of the U.S. Congress. Six! Ah hah, we've got them for social-imperialism! What are these six? Six fish processing plants, worth about a half million dollars each. They are 50-50 arrangements with the local countries. The Soviet fishing fleet brings in their stuff and the fish are processed and it goes half to the local country — and that's *it* for Soviet natural resource extraction. Well, U.S. investment in other countries is 3,000 times greater than Soviet investment, and it's qualitatively different. The U.S. likes to have its transnational corporations own and control, have the controlling interest in its investments, and they're not interested in fish processing plants for the U.S. fishing fleet, believe me.

Because the Soviet Union has no (or virtually no) investments in any less developed countries it has no stake in preserving private property in those countries, and that makes it qualitatively different than all of the Western imperialist countries that have a major stake in preserving the pro-capitalist and right-wing regimes there. Now some people say, "yeah, but Soviet foreign aid builds enterprises in India and the Soviets take the goods from those enterprises, and that's just like an American enterprise." Well, come on, folks. I mean, the Soviets get a 2.5 percent interest rate on their loans, and those interest rates are payable in the goods produced by a steel mill that's built by Soviet aid. Now what's the opportunity cost of Soviet aid? According to people who have studied this to find out, had the

Soviets built the steel mill in the Soviet Union they would have increased their output by 15 percent. So then when they build it in India and get 2.5 percent interest on it, they are losing 12.5 percent. Some imperialism, that on the average loses 12.5 percent! Now everybody pretty much knows in India or any of these countries that this kind of aid — when you don't have to use hard currency, that goes to build up the state sector, that goes to build development — is very advantageous, and it simply has no relationship to any kind of imperialism. And it's not. The Soviets maintain no rights in the enterprises. They train a new staff. It's qualitatively different; it has no relationship to any kind of export of capital. It's a subsidy, it's foreign aid for these countries.

The Soviets support for the most part a qualitatively different type of regime than do Western imperialist regimes. Most of their aid either goes to the relatively more progressive countries in the world, or occasionally it goes to try to split the capitalist camp. And this is an old thing — the very first country in the world to recognize the Soviet Union was the Emir of Afghanistan in 1920, and Lenin said he would ally with the devil himself if the devil was opposed to British imperialism. Lenin and Stalin brought the German army into the Soviet Union in the 1920s to train it. So there's a long history of Stalin and Lenin trying to split the imperialist camp. So it is true that they gave a little bit of aid to the Shah or Indonesia, but then again it's a question of whether trying to split the imperialist camp is a legitimate goal, and the tradition is certainly that it is. But the great bulk of Soviet aid is to Vietnam, Cuba... it's to progressive countries, and that's qualitatively different than imperialist aid. And there's almost nobody in Chile that confuses whether or not Pinochet is the same as Fidel; there's nobody in Vietnam that would think Thieu is the same as Ho Chi Minh. Its only Maoists who would say that there is no difference. I mean, this is ridiculous. Whether you are capitalists in those countries or whether you are workers in those countries, there's a qualitative difference between these kinds of regimes, and you can't judge a country by if it takes aid from the Soviet Union it's capitalist. That's again a kind of circular argument.

In a lot of this debate, you find out that in terms of trade or aid they talk about India, as if India could show typically what happens with Soviet trade. Well, it's important to realize that of all Soviet trade, about 1 to 2 percent of it is with India. So why is it that so

much of this debate, this massive eighty-page article in this booklet, is about India? Why wasn't it about Poland? Why wasn't it about Cuba? Over 50 percent of Soviet trade is with Eastern Europe, and the reason people don't talk about it is that there's consensus, everybody knows that there's been a massive subsidy component since 1956 in trade with Eastern Europe. Every U.S. Congressional study, every Sovietologist admits that there's a massive subsidy component, that the Soviets provide oil and energy much cheaper than any place else to Eastern Europe. They buy their goods at a much higher price than Poland could get in the West for them. And that's 50 percent of Soviet trade. Only 14 percent of Soviet trade is with all the less developed countries, and most of that is with Cuba and Vietnam, and there is no question that the Soviets buy Cuban sugar at 2½ times the world price — it's a heavy, heavy subsidy. But even in India, the case that they try again and again to use, it's only 1 or 2 percent, there's no evidence that the terms of trade are less favorable for India than they are from the West, that there's any exploitation component, and sometimes to show it they cite things out of context. I've cited a few quotes on the last page at the top from Datar who is anti-Soviet, who worked for, what is it, the World Bank or the United Nations, I forget, and she's got to admit that there's no evidence for that. The Communist Party of India (ML) studied India's fifteen leading export commodities and found that the Soviets consistently paid higher than the world price, I think on twelve of the fifteen or eleven of the fifteen. There's just no evidence, even with India.

I think there's a lot of ways that the working class has power in the Soviet Union, and again I outlined on page four or five what I call both structural and instrumental mechanisms. And there's a lot of confusion, I think a lot of New Leftism or a lot of syndicalism has entered into this, confusion of the day-to-day operational managerial control with the question of fundamental power. If capitalists in the West can hire managers, does the fact that McNamara was president of Ford Motor Company make him part of the ruling class? No, the Ford family can *hire* McNamara. So in the U.S. there's no confusion that being a manager does not make you part of the capitalist class. So it's completely possible the working class can hire a manager. We're not in a syndicalist model or the anarchist model where workers have to self-manage and have direct participation in every aspect of their lives. That's almost like a quote from Tom Hayden or

SDS or something — we know more than that. We're talking about class power, so socialism theoretically could be very centralized or somewhat decentralized. The only question is, is it working-class power in a socialized economy with distribution according to work?

Now, again, the theory that the managers may want to be capitalists, that they may want to have privilege, that they're personally ambitious, granted just for the sake of the argument that that's true, that the managers are power hungry, that they like to boss people around, and they secretly would like to be capitalists, in the real world how would they do that? Say if McNamara when he was head of Ford Motor Company wanted to keep his privilege and wanted to increase his income, how would he do that? He does that by maximizing profits for the corporation, by maximizing profits for the Ford family. Because that's the logic of the capitalist mode of production. So what would happen in a socialist economy if the managers want to keep their jobs? Well, they're going to have to maximize the logic of the socialist mode of production. The parameters of the situation put great structural constraints on the leaders — they channel ambition. So if they were secretly capitalists, they would have to *act* like socialists in order to keep their jobs. And that's good enough for me, and I think that's good enough for most of the workers. If the leaders of the country act as if they were socialists, again, if it smells like coffee, and tastes like coffee, and looks like coffee, even if secretly it's tea, it's more likely to be coffee than tea of a new type! It's not a question of the secret motive or even of the line. It's a question of what they do, what's the logic of the mode of production, what's the result, what class is in power. And all the evidence points to the evidence being much stronger that the working class is in power in the Soviet Union than any kind of new capitalist class being in power in the Soviet Union.

I don't have time to elaborate on the different kinds of mechanisms. I just want to call your attention to a few things. Again, the fact that 80 percent of the leaders of the Soviet Union come from the working class or peasant backgrounds, compared to 2 or 3 percent in the United States, is a strong mechanism of working class influence in that country, and the fact that 58 percent of new recruits to the Communist Party in the last fifteen years have been from the working class, that today 45 percent of the members of the CPSU are workers, compared to 32 percent in 1956, that workers play a much greater role in the party than they did then. In terms of either

the local Soviets or the Supreme Soviet, in the mid-50s about 14 percent of the delegates were full-time workers; I mean, they were working, had jobs, took short leaves. Today it's over 40 percent. It is not reasonable to say, well only 5 percent of the Central Committee are steelworkers — that's a silly argument. How can you be a leader of a country and put forty hours in a steel mill, and then go and do everything that a Central Committee person has to do? Obviously you can't. You can't have two full-time jobs, and it's silly to think that you can, right? The question is, what class do they come from and much more importantly, what class do they serve? Not, do they actually come in and do the Central Committee's work at night. You couldn't have an efficient country — did Lenin or Stalin work in a factory for forty hours, then go do political work? And did you judge their line because they didn't? Of course not.

The auxiliary police in the Soviet Union, and the popular militia, have increased significantly in their importance in the last twenty years. There are now about six million people in the popular militia in the Soviet Union, and about seven million in the auxiliary police. In the Soviet Union it's all dependent on a fairly high level of participation. And so that puts great limits on how much manipulation would even be possible on the part of any alleged capitalist class, because people there now are very educated, and the working class is very big. And it would really show contempt for them, again, to think that forty years of socialist education up and through the mid-50s, and the capitalists could take over, and there's not even, except in Georgia which had a couple of demonstrations against the de-Stalinization, a demonstration on the part of the workers, never mind armed struggle. It shows real contempt for how easily workers can be manipulated (and workers that grew up with a socialist education).

So, again, the increasing equality in Soviet society is strong evidence of the increasing participation, and not only in the people's militia and the auxiliary police, and in the Supreme Soviet, and in the Communist Party, but up and down the line — in the People's Control Commissions, in the running of apartments, every place workers are participating much more than they were 30 years ago. The fact that that participation is associated with a radical improvement in the working class position relative to the elite is strong evidence that that participation is real and not manipulated, especially given the educational level of that population.

So then the movement of Soviet society has got to be understood to be a product of the structural logic of its social formation, and not of the subjective desires of its power elite, nor of its power hunger. The socialist mode of production is a viable mode of production. It's as viable as any other mode of production and you have to understand any mode of production in terms of its own logic. Another couple of the very important structural mechanisms: Even if the leaders secretly want to be capitalists and secretly had power hunger, they would have to act as if they were socialists to keep their positions because the socialist ideology is taught to the people, it so permeates the media. To keep productivity up without a reserve army of labor they have to mobilize people. They have to realize the social justice that's taught to everybody as the goal of the government and the goal of the party. They have to increase the participation, they have to increase the equality in the society or else you'll get a de-legitimation crisis; you'll get a failure of confidence, the country wouldn't work unless the leaders acted like socialists.

And so again, if it acts like a socialist society. . . . Physicists sometimes talk of a black box, and if we don't know exactly what's in it, we have to have hypotheses about what's in it, on the basis of its output. And personally, looking at it that way was what changed my mind, from being a Maoist to understanding and finally coming to the conclusion that the Soviet Union was a socialist country. If you look at what's happening, what its output would be, again, what would socialist accumulation look like, and you list the ten points and my god, that's how this black box behaves. What would a foreign policy look like? Well, that's what this black box seems to be behaving like. Would there be increasing equality? Would there be an increasing social wage and less material incentives? Just about everything I could think of. It behaves as if it were socialist. So then the most likely hypothesis is that what's in the black box actually *is* socialism, right? And that all the participation there that is claimed to be the mechanism of working-class power is probably valid, rather than it being capitalism of a new type that behaves as if it were socialist and in which the leaders are secretly capitalists even though nobody notices it.

So in conclusion, I think I've shown that the Maoist arguments and definitions of socialism are un-Marxist, that they are idealist, and that they don't employ basic Marxist categories, and they have far more in common with classical conservative social theory like

Michels and Max Weber than they do with Marx or with Lenin. Maoism has been unable to prove not only any of the four things that it must prove to show that there was a capitalist restoration. It's failed to give any substantial evidence that the accumulation process in the Soviet Union has any parallels with capitalism, and in fact it's a mere assertion that this is accumulation for its own sake, and it's a mere assertion that labor power is a commodity. In every respect when we look at labor power, or we look at the economic process in the Soviet Union, it behaves as if it were socialist. There's no evidence for the other position. That in fact there is essentially working-class power in the Soviet Union, and furthermore that that working class' position in the country improved, and almost improved qualitatively — I wouldn't say qualitatively because it didn't change its mode of production in the very period that it was claimed that capitalism was restored — and furthermore that Soviet international relations have an essentially socialist and internationalist character.

The Maoist argument completely falls apart. On theoretical grounds it's un-Marxist, and there's no empirical data for it, and it's full of these contradictions. If A it is, if not-A it is, or circular arguments. So I think all that basically the Maoist argument does is appeal to our prejudices. And where do we get these prejudices? Most all of us grew up in some anti-communist country, where we took in anti-Sovietism and anti-communism with, so to speak, our mothers' milk, and every day the media and the television tell us how bad the Soviet Union is, how terrible it is. When I became a Maoist in SDS days in the late '60s it was very easy to identify with the Cultural Revolution, because I never had to challenge my anti-Sovietism. Everything they said about the Soviet Union was true. Mao Tsetung said it, and in China we had something like an SDS Columbia strike. It was against authority, against the division of labor, the professors have to work — it was so easy not to have to challenge what the media always told us. Now I think it's about time that we began critically evaluating things, actually began to carefully study the Soviet Union, to challenge all these media prejudices, to purge out of our heads all of the concepts that have come in through monopoly capitalism. Monopoly capitalism has permeated even the thinking, even the categories of Marxists, and this should end.

All the evidence is incompatible with the Soviet Union being state-capitalist. In fact, however distorted by the role of the intelli-

gentsia in the Soviet Union, or the Nazi invasion, or any other problems, and all the sufferings of being the first socialist country in the world, the Soviet Union is in essence a socialist country and a friend of the world's revolutions. Thank you.

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Realities of Social-Imperialism Versus Dogmas of Cynical Realism: The Dynamics of the Soviet Capital Formation

by Raymond Lotta

I would like to begin my presentation by reading two short poems which I think capture some of what is at stake in this debate and which tell us something about the reversal of socialism in the Soviet Union. They were gathered by Vera Dunham in a recent survey of Soviet literature. The first was written in 1917 by Vladimir Kirillov and is entitled "We":

We are the countless, awesome legions of Labor.
We have conquered the spaces of ocean and land,
With the light of artificial suns we have lit up the cities,
Our proud souls burn with the fire of revolt.
We are possessed by turbulent, intoxicating passion,
Let them shout at us: "you are the executioners of beauty!"
In the name of our tomorrow we shall burn Raphael,
Destroy museums, trample the flowers of art.

Now in 1974 the prestigious Moscow literary anthology, *The Day of Poetry*, dedicated an entire section to labor by inviting worker-poets to make contributions. The poems were of a decidedly different cast. For instance, the poem "I Fear To Be Without Trade":

I fear to be without trade —
 Not to know how
 To cut fabric or sew,
 To stack hay,
 To handle a chisel,
 Or to forge.
 Not to know how to do anything
 Is like having no soul.¹

This poem is built around the verb *umet* which means “to know how.” It’s very telling because we are dealing with a society which puts a premium on professionalization and proficiency, which reinforces the quest for status with a deadening technocraticism. Communism for the revisionists has become the struggle to produce more to get more. This is a profoundly conservative society. Marxism is imbibed like high-school civics and has been transformed from a philosophy of rebellion and conscious struggle for the future into a religion of the status quo. Cynicism mingles with grotesque nationalism. Why are countries like Hungary — where enterprise targets are not even set centrally anymore — or Romania — where even the pretense of a monopoly on foreign trade has been discarded — why are these countries socialist? Because they are loyal members of the Soviet-dominated COMECON and Warsaw Pact.

Soviet society stands in sharp contrast to the revolutionary China of Mao and the Cultural Revolution — where mass upheavals transformed society in every sphere, where peasants met in the fields to discuss art, where rebel students brought revolutionary politics into hushed laboratories, where hundreds of thousands of Chinese workers demonstrated in the streets in 1968 in support of the Afro-American rebellions in the U.S. Marx described the fundamental line of demarcation between scientific socialism and bogus socialism in these terms:

This Socialism is the *declaration of the permanence of the revolution*, the *class dictatorship* of the proletariat as the necessary transit point to the *abolition of class distinctions generally*, the abolition of all the relations of production on which they rest, to the abolition of all the social relations that correspond to these relations of production, to the revolutionizing of all the ideas that result from these social relations.²

One must ask — on what side of this line of demarcation does the Soviet Union fall?

Yet and still, the apologists of Soviet social-imperialism declare this society to be "real existing socialism." And even among honest and critical-minded people there is a view, which actually has a great deal of influence, that the Soviet Union, for all its blemishes, is a qualitatively different kind of society than what is normally understood to be capitalism. What are these distinctive features? Private ownership has been largely eliminated, a central plan has replaced the spontaneous operation of private markets and facilitated so-called intentional investment decisions, the planners and those in authority do not pocket the proceeds of the economic activities of others, and the very logic of the system makes these leaders more responsive to mass pressure, that is, if they want to maintain their legitimacy. What emerges, then, is a highly politicized mode of production, perhaps nonrevolutionary, but one that by definition cannot return to capitalism.

Not only does Soviet society not measure up to Marx's vision of socialism, but the attempt to prove that it is not capitalist betrays a fundamentally incorrect view of what capitalism and, more particularly, what imperialism is and what it will take to transcend it. For the revisionists, capitalism is rigidly linked with certain structural forms — privately-owned corporations investing at home and abroad, stock exchanges, and so on. And they identify capitalism with certain practices — like inherited wealth and systems of political patronage. Since these things obviously don't exist in the Soviet Union — what more is there to discuss? Their conception of socialism is just as mechanical. Supposedly, by eliminating private ownership at the top of society and erecting central planning institutions a machine that maximizes social benefit is set in motion. In fact, for the revisionists, state ownership is the functional equivalent of Adam Smith's "invisible hand." All that is required, then, is to use this machine in the most rational and efficient manner.

Now one of Mao's central insights into the process of capitalist restoration is that the rise to power of revisionism is the rise to power of a new bourgeoisie. In other words, once the outlook of the bourgeoisie comes to characterize the overall line of the leading party, that is, once the party ceases to rely on the masses and to lead forward the struggle to overcome the differences and contradictions of socialist society and to promote world revolution, then capitalism

will be restored. This is neither a question of a mere coup by a handful — these forces have a real social base which arises from the disparities of socialist society itself. Nor is it a question of bad ideas in the abstract — the proletariat inherits a society with profound differences between mental and manual labor, town and country, agriculture and industry, a society in which a coercive state is still required, a society where commodity / money relations continue to play an important role in social production in a world dominated by imperialism. Mao emphasized that it would not be too difficult to rig up a capitalist system under such conditions; the instruments and mechanisms are, so to speak, close at hand! Until commodity production is abolished, until communism is established on a world scale, a socialist society generates two roads: one forward to communism and one back to capitalism.³

There's a very important and relevant passage in *Anti-Dühring*. Engels points out that the "value form of products . . . already contains in embryo the whole capitalist form of production, the antagonism between capitalists and wage workers, the industrial reserve army, crises."⁴ Exchange through money is the soil breeding capitalism. It contains within it the possibility of separating the producers from the means of production, of buying and selling labor power, of accumulating capital. Unless the commodity system and exchange through money are restricted under socialism, they will disintegrate a collective economy into one made up of private aggregations of capital. The so-called reforms carried out by Khrushchev and Brezhnev / Kosygin have had just this effect.

My opponent says that we agree that the key question is who controls the state in society. This is true. But revolutionary communists emphasize the role of the state and the superstructure for completely different and completely opposed reasons. To begin with, the state is not some neutral instrument up for grabs, which can be forced or pressured to act in the interests of this or that class. It is a dictatorship of one class or another. A bourgeois state cannot be transformed into an instrument of proletarian rule, because the rule of the proletariat depends on making radical ruptures in traditional property relations and traditional ideas. For revolutionary Marxism-Leninism, the state and superstructure overall play the initiating role in socialist society; that superstructure must be revolutionized in all spheres and all aspects in order to achieve communism, that is, to abolish classes and the state itself. Thus, the

decisive turning point in the process of capitalist restoration in the Soviet Union was the counterrevolution in the superstructure in 1956 and the adoption of an all-around bourgeois line. The road forward, or shall I say backward, was chosen and backed by the force of a counterrevolutionary apparatus.

The focus of my talk, however, is neither the political struggles leading to Khrushchev's rise nor the role of the state and superstructure as such. The state is an objective structure of society whose character is determined not by the class origins of its leading personnel but by the specific social division of labor of which it is an extension and the production relations which it must ultimately serve and reproduce. It is these underlying production relations I want to focus on. In particular, I want to apply what Engels said about the law of value. These are not easy issues to get into and I ask people to bear with me. But this is the only scientific approach to grappling with the real nature of Soviet society — to pierce beneath its mystifying shell and to rip away revisionist apologetics.

We live in an era of commodity production; we live in an era in which society is divided into classes. Some mechanism must regulate the allocation of means of production and labor in order to produce and utilize a social surplus. When the proletariat rules, that mechanism is the planned allocation and conscious organization of social labor in accordance with the interests of world proletarian revolution. But if the proletariat is not consciously directing and transforming society, if the scope of commodity production is not being restricted, if a line and leadership opposed to the overcoming of the differences of class society is not in command, then some other mechanism will regulate society. And, as the historical experience of the Soviet Union has shown, that can only be the law of value. The law of value is the connecting and directing force of capitalist society. In the Soviet Union, like any capitalist society, discrete capitals or blocs of capital decide what and how much to produce and control the fruits of socialized labor. Independently organized labor processes are dominated by the pursuit of profit. Yet each particular labor process is objectively part of a highly interdependent social division of labor.

The law of value unites these fragments into a social whole. What do I mean by the law of value? Commodities, including labor power, exchange according to the socially necessary labor time required for their production. Capital flows to different spheres in

pursuit of profit. This results in the formation of a general rate of profit which establishes a norm for enterprise performance and viability. But this law operates blindly and destructively in capitalist society. Individual units or blocs of capital are obedient to the social conditions of production, to capital as a whole, but they do not function as a coordinated whole. This is true despite the efforts of capitalists — be they cartels in the West or planning in the Soviet bloc. Capital is distributed and the conditions of profitable expansion established through continual disturbances and violent reorganization. These are the objective processes, rationalized in boring revisionist tomes, that govern social production in the Soviet Union.

In capitalist society, the labor process — by which I mean purposive activity through which human beings make use of and transform nature — is subordinate to the value-creation process. The very measure of value, socially necessary labor time, is established in the context and on the basis of the capitalist pursuit of profit. The law of value is not a neutral arbiter of efficiency. It reflects the requirements of commodity production, the separation *and* interaction of independently organized labor processes. In a genuine socialist society, the value-creation process is subordinate to the planned creation of concrete use values. The striving to reduce labor time is subordinate to and governed by revolutionary, proletarian politics. For the revisionists, the law of value is not a remnant and generator of capitalism. They regard it as *the* essential tool and spur to efficiency... only they claim to be controlling it. This is the illusion Marx called commodity fetishism. Under genuine socialism, social labor is not allocated and organized according to some classless notion of efficiency. It is deployed and assessed first and foremost from the standpoint of collectively transforming and mastering society.⁵ This is the socialist road: the continual revolutionization of society and the world. It is not the road the Soviet Union is on.

What is capitalism? Capitalism is the dominance of the law of value, a process of the expansion of value as an end in itself of which the capitalists are merely the personification. It is this dominance and not some superficial conceptions of villas and prep schools or Wall Street brokerage houses that determines the essential capitalist fabric of society. If we are to understand why the Soviet Union is waging colonial wars in Eritrea or Afghanistan; why the Soviet bloc is gripped by accelerating political and economic crisis; and why the Soviet Union, like its U.S. imperialist counterpart, is readying for a

world war of redivision, then we must understand its underlying laws of motion. This is the subject of my talk. It consists of four parts: profit in command; planning; the many-ness of capital; and crisis and international compulsion in the Soviet social formation.

Profit in Command

The 1965 economic reforms were a watershed in the process of capitalist restoration.⁶ They represented the systematic application of capitalist principles — something which Khrushchev had begun and botched up — within the context of a highly centralized planning and control apparatus. These reforms were a response to faltering growth and increasing inefficiency and linked with a program of massive militarization. From the moment the revisionists seized power in 1956, they recognized that they would ultimately confront the U.S.-led imperialist bloc. This and their actual position in the world influenced the internal allocation of capital and foreign policy. But this is something I will get to later. As for the 1965 reforms themselves, three issues must be examined: the interrelation between the success or planning indicators, the recalculation of prices, and the imposition of a capital charge.

Now it is alleged by my opponent that profit is only *one* of several planning indicators in the Soviet Union. But that's true in any capitalist country. It would be absurd, for instance, to suggest that corporations in the West simply pay attention to profit. They also make use of both physical and price indicators. They attempt to forecast growth, to insure long-term supply sources, to anticipate output before production, to conduct nonprofitable research and development. Moreover, the imperialist state organizes warfare and welfare expenditures which are determined by political necessity; it deploys a wide range of tax subsidies and incentives and carries out investment programs which do not necessarily yield a high rate of return. So the question is whether the profit criterion is the *leading edge* of the planning process in the Soviet Union.

During the socialist period under Stalin, the indicators of gross output and reduced cost of production were used to evaluate enterprises. These were supplemented by a host of other indicators. With the 1965 reform, the number of indicators was reduced and new indicators introduced. These plan indicators now included the wages fund, value of sales, total profits, rate of profit, contributions and receipts from the state budget, centralized investments, new tech-

niques, and material supply obligations. The revisionists openly admit the decisiveness of profit in these reform mechanisms.

Kosygin in his 1965 speech on industrial reform noted that in order "to orientate the enterprise towards raising efficiency, it would appear to be better to use the profit index. . . ." ⁷ The authoritative Soviet economist, P. Bunich, writing in 1977, tells us: "Of the new indicators, the profit indicator — which detects increases in sales volume, reductions in production costs, and improvements in product quality (since they are accompanied by price rises or markups) — most nearly approximates final effectiveness." ⁸ Here we have the myth again that profit is somehow the best means of achieving the maximum social good combined with the illusion that it can be controlled.

Actually, whatever the revisionists might say, the profitability index — which must correspond to real value relations — clearly dominates and circumscribes the others in the economy as a whole. What is the significance of the profitability index in relation to centralized investment if not to determine the necessary investment to achieve a certain profitability? The profit index objectively unifies the results of sales efforts and cost reduction into a single indicator that can be compared across industries. The contributions into enterprise funds, which consist of incentives, social, and production funds, are taken out of retained profits and are determined on the basis of the enterprises' performance with respect to some combination of these sales and profits indicators. In 1979, a new appraisal indicator for deductions into enterprise funds was established. This was value added to the material inputs. But, again, this is quite obviously a derivative of profitability. A Soviet economist, writing in the March 1983 issue of *Socialist Industry*, summed up the effect of this new index in a chemical machinery plant. Making miniature reactors was unprofitable and the plan for reactors was only fulfilled by 46 percent; rotary devices were highly profitable — and that plan was overfulfilled. ⁹ In 1978, half of all investments in the Soviet Union came out of retained profits at the enterprise level. ¹⁰ In other words, there is a direct link between the profitability of an enterprise and investment criteria. The overall thrust of the various reforms has been to bring profit and loss accounting to center stage at the enterprise, production association — which is like a conglomerate — and even, as decreed by the 1979 reform, at the ministerial level. And it is the central levels that maintain *decisive* control over

resources and the social product.

In 1956 sharp debates broke out over so-called rational prices. Unleashed by Khrushchev, economists railed against "arbitrariness" in prices, politically determined plan priorities, and wide disparities in profits. Previously, prices tended to be formed by adding to material costs and direct labor inputs a mark-up, calculated as a few percent of these direct costs plus overheads and depreciation. Following debates on the appropriateness of incorporating profits into prices, wholesale prices were reorganized in Soviet industry in 1967. Two major changes took place. First, there was an attempt to bring the wholesale prices of means of production closer to their value. This was necessitated by the requirement of more closely monitoring and promoting profitability. Second, and directly related, capital now had a price. When the Soviet Union was socialist under Stalin, the allocation of capital to enterprises took the form of budgetary grants from the central economic bodies. The reform instituted a payment by the enterprise to the state for capital assets. These are capital charges and they were incorporated into prices. Prices were then calculated, as they are now, as cost plus a percentage on capital.

The reformulation of prices created new contradictions. Different rates of profit are built into prices in different branches. This was aimed at ensuring balanced reproduction since industries which were previously unprofitable, but which were useful to the proletariat under socialism, were now put on the cost-accounting basis — and this would have meant their bankruptcy. Yet the Soviet economy is marked by extreme imbalances. At the same time, centralized price-fixing becomes chaotic once the economy is placed on a profit/loss foundation. There are the grotesqueries of price administration. The apologists of Soviet social-imperialism yammer about the orderly control of market relations in the Soviet Union; they wax eloquent about the wonderful flow of information up from the bottom levels, up to the planning bodies who send that information back down to the enterprise level. But the enterprises inflate their input cost estimates in order to obtain a higher final price and thereby raise operating profits. In fact, the Deputy Chairman of the USSR State Committee on Prices estimates that these costs are overstated by 20 percent or more.¹¹ This amounts to a kind of price-bargaining in the context of fixed prices.

The capital charge is a rental assessment of equipment and

other elements of productive capital. This is no mere technicality of financial accounting. It is a specific form of appropriation of surplus value by a state bourgeoisie. An enterprise controls a given amount of fixed and working capital. It must cover its expenditures and pay capital charges (along with other fixed payments) into the state budget. The allocation of capital by the state is influenced by the relationship between the expenditure of this capital and the results of its application — both the scale of earnings and the time it takes to recover an investment. The capital charge amounts to a minimum norm of effectiveness. Of course, a genuine socialist enterprise must take value and effectiveness into account. In revolutionary China rural factories had to be run efficiently. But the decision to locate industry in the countryside was fundamentally a political one — and the chief concern of the workers in these factories was politics. What we have here, however, is something entirely different — the law of value commanding social production. The apologists of social-imperialism also tell us there is no market for means of production. Now independent trade between enterprises in the Soviet Union is growing in importance, but this is not the essential point. To treat capital as a commodity, it is not necessary to *sell* it in a marketplace. Assignment of capital to particular units of production in anticipation of a certain rate of return is also a form of exchange. But what is also being exchanged in the Soviet Union, like all capitalist societies, is labor power.

Soviet society is organized around cost-accounting and a system of material incentives. When new production facilities are put into operation ahead of schedule, the construction firms acquire the right to a certain share of the client's profits. When workers perform multiple functions and reach output targets with a smaller workforce, the uniform bonuses to wage scales may be increased by as much as 50 percent.¹² The revisionists argue that these wages and bonuses are payment for labor performed. It's the classic argument of capital. But when the law of value and money relations determine the organization of social production workers become cogs in a machine that oppresses them; they become mice running after cheese in a maze from which there is no exit; in a word, they become wage slaves. The workers in the Soviet Union are caught in a web of wage payments and bonuses which effectively force them to put up and shut up; they survive by meeting quotas. The workers are separated from the means of production and from struggle over the cardinal

issues of the day. But they are inextricably linked with the process of profit maximization: from the work-group level on up, the call of society is financial responsibility and striving for material gain and status.

Wages in the Soviet Union are centrally administered. The total wages fund for enterprises is centrally set. But workers can seek out jobs. This certainly approximates the conditions of a labor market. This system of administered wage rates represents the operation of market relations within a plan; it is nothing more than a capitalist allocation of wage labor with inducements dangled in front of the workers to secure their cooperation. The wage and bonus system is merely a means by which the state bourgeoisie gets things done, a means of getting workers to do things that have nothing to do with their historic interests. For political and economic reasons the Soviet ruling class wants to populate the Siberian region with Moslems from Central Asia. How will this be done? Through inducements. Advertisements promise free moving and travel expenses, loans for buying cows, exemptions from taxes, lump sum payments.¹³ As in the West, the worker enjoys a certain measure of choice in deciding who will exploit him or her and where this exploitation will take place. I know of few more striking descriptions of wage-slavery than this powerful passage from the Hungarian, Miklós Haraszti, in his marvelous book *A Worker in a Workers' State*, which describes life in one of these Soviet-style "socialist" societies:

We accept the fact of competition and its spirit, and so cannot even pose the question of whether it could be replaced by cooperation in life and in work, or why competition has come to dominate our conditions of life. . . . I myself can only write about wage-labor, piece-rates, norms, supplementary wages, and the two machine system as outrages. But, in putting the emphasis on their specific characteristics, I feel that I am guilty of maintaining the illusion that these are contingent forms which can be re-formed. It seems to me that, right up to the blank page in front of me, money proves the omnipotence that it has already demonstrated in the factory. It not only has the capacity to guarantee or to threaten my existence, but also that of censoring my tongue. When I come to speak of it, I am incapable of finding words which would allow me to express anything which seems in any way adequate. Money expresses an absolute power over the terrain of objectivity: here, as in the factory, it has the power to exile

into the realms of poems those who dream of abolishing it or — which comes to the same thing — to cut out their tongues.¹⁴

Is this the way it must be? Is this all workers are capable of? Can they not transform the world in their own interest? Carrying out such transformations in a socialist society is a process of struggle. During the Cultural Revolution in China piece-rates and various kinds of bonus payments were abolished, one-man management was dispensed with, cadre participation in productive labor was introduced on a mass scale. More important, these productive units were transformed into units of political struggle and the relations between these units were transformed in order to break down the relative separation of workers from the means of production and from each other. The workers raised their heads to the question of state power and the world. In the Soviet Union, labor is subordinated to strict, hierarchical forms of authority; incentives, which amount to profit-sharing, are the stuff of motivation and control; and rebellion and struggle over the cardinal issues of the world are snuffed out. My opponent glows about production committees in the Soviet factories. But forms of workers' participation can be found in Volvo plants in Sweden. The point is that once the production of surplus value dominates social production, wage-labor becomes a commodity.

The revisionists buttress their case that labor power is not a commodity in the Soviet Union by pointing to the absence of a reserve army of labor. Two things must be said about this. First, Marx derives the growth of surplus labor from the mechanization of the labor process forced by competition, that is, from the accumulation of capital. Unemployment is not what makes labor power a commodity, although it is part of the condition of wage-slavery. Second, the idea that rising living standards and the absence of large-scale unemployment for extended periods are somehow incompatible with capitalism betrays a profound distortion of how imperialism works. Countries like Japan and Germany have for long stretches experienced high growth and low unemployment in the postwar period. Sustained imperialist accumulation makes this possible. The point is that the advanced countries cannot be looked at by themselves but must be seen as part of larger, international processes of expansion.

If the leveling of incomes is somehow the criterion of socialism,

then it must be noted that while inequality in the Soviet Union is still less than in the U.S., the 1976 measure of Soviet wage and salary inequality was almost exactly equal to the inequality measured by the same official Soviet method in Great Britain.¹⁵ But my opponent lets the cat out of the bag when he tells us that the labor shortage in the Soviet Union "makes the Soviet labor system extremely advantageous to the producers. . . ."¹⁶ One has to ask, against whom is the working class pressing this advantage — itself, or perhaps a new bourgeoisie? My opponent would have us look for decadent and high-living leaders to discover if capitalism exists in the Soviet Union. Frankly, their personal lifestyle is irrelevant — although one might assume that it is as repugnant as it is boring. The privileges of the Soviet elite are considerable. Yet they are not mainly private personal privileges as much as they are privileges that are private to a class. A factory director may not own a car but his position guarantees that its use will be at his command. But capitalism is not quintessentially the consumption of revenue. It matters little whether the archetypal capitalist is Howard Hughes in his latter-day asceticism and know-nothingism or the mansion- and art-collecting Rockefellers.

Capital is the appropriation and accumulation of surplus value, the power to allocate means of production on the basis of certain norms. The fundamental thing that marks labor power as a commodity is the dominance of the capital relation, the subordination of the labor process to the value-creation process. But this is a question of the road and direction of society as a whole. In 1981 Bob Avakian posited this definition of capital:

Capital is a social relation and a process, whose essence is indeed the domination by alien, antagonistic interests over labor power and the continual (and extended) reproduction of that. . . . It means that. . . labor power is controlled and utilized on an expanded basis to reproduce relationships which are alien to [the workers] and opposed to them. . . .

Avakian then shows the relevance of this to a socialist society:

If ownership has been (in the main) socialized, if a correct line is in command. . . which means that the division of labor as well as differences in distribution are being restricted to the greatest degree possible. . . if the motion is toward eliminating these things,

then how can it be said that a force opposed to the proletariat has domination over its labor power or even a force alien to it, in the fundamental sense?¹⁷

Thus, the key thing that Avakian correctly points to is what labor is being applied to and what labor is working for. It is not a question, as many followers of Charles Bettelheim seem to imply, of mainly what is going on in factories or of worker control over production, but a question of what is happening in society overall.

Let me sum up the main points about profit in command. The social link that unites the various labor processes in the Soviet Union is the law of value including the production of surplus value, that is, profit as the motive force of production. Social labor is allocated according to the needs of value expansion, and the character and purpose and payment of labor is determined by that. The goal of individual units is profit and the norms and categories used to measure it result from the interaction of these very units.

To be socialist, a country would have to restrict commodity/money relations. In the Soviet Union, their extension corresponds to the requirements of capitalist commodity production. The surplus being produced in the Soviet Union, which is formally described in the Soviet texts as net national income, takes the form of surplus value and capital is behaving as self-expanding value.

Now if someone wants to make the question whether profit is the most useful measure of and spur to efficiency, so be it, but that's another debate.

Planning

Let's turn to the plan. Given what I've just talked about, the essential question remains, what guides planning: profit or the revolutionary interests of the proletariat? The apologists of social-imperialism would have us believe that planning is incompatible with capitalism and the dominance of market relations. The revisionists claim that market relations can only exist in the form of intercorporate competition and they even argue that competition is fundamentally a struggle for markets. But what are market relations? Do they require particular forms of competition and market exchange in order to be capitalist? Must there be three brands of toothpaste on the market? No, they are relations of exchange based on the existence of separate but interdependent commodity pro-

ducers. These market relations may operate where money does not directly change hands, as when a bank records abstract credits and debits. Under imperialism, market relations become increasingly *internalized* within large units of capital, between such units, and within the state itself. For instance, the head office of a transnational corporation organizes exchange between its subsidiaries. The prices charged to the overseas subsidiaries for components amount to planned value transfers within the universe of that corporation. These phenomena result from the enormous concentration of capital and the general requirements of the total national capital. In the Soviet Union, market relations operate where there is no formal transfer of titles of ownership, but where commodities nonetheless exchange between distinct units of production and centers of control. The revisionists want us to look for a classical market. In the Soviet Union, the market exists mainly within and through the plan.

Now the Soviets certainly have no monopoly on planning. Look at GM. It sets priorities for the allocation of resources, plans major investment projects for its divisions, and establishes target rates of return for them. Cartels and joint ventures link different corporations. We're all familiar with this when oil companies set prices or when steel companies jointly go out to exploit iron ore supply sources. Nationalization and planning at the state level are essential features of monopoly capitalism. In France, 25 percent of competitive industry falls within the state sector; government-owned banks in France account for 95 percent of all loans in that country; the state plan indicates general investment requirements that should be met by the industrial branches.¹⁸

The point I'm making is this: in all its forms of existence capitalism has elements of plan and organization. This is called forth by the socialization of production and made possible on the basis of private appropriation. But underlying and compelling all of this is the struggle for surplus value, the anarchic interaction of independent capitals. Both organization and anarchy intensify in the imperialist epoch. Planning and competition are not mutually exclusive but a unity of opposites.¹⁹ What distinguishes capitalism is not the absence of planning, but the struggle for surplus value. Capitalist planning represents an attempt to resolve the conflict between production and exchange by reducing the risk of selling a commodity, by planning its sale in advance.²⁰ Under capitalism, the capitalist does not know whether the labor process he organizes is socially

necessary until he sells his commodities. Again, planning tries to minimize the risk of separate production decisions. Capital strives to overcome its contradictions. The distribution of social labor and the transfer of values within the Soviet Union takes place within the context of a plan. This plan is far more comprehensive than anything that exists in the West. But such planning cannot override the laws of capital — these laws assert themselves through the plan. They ultimately determine its objectives and undermine it.

In the Soviet Union, surplus value is produced at the enterprise level. But it is transferred to the state which concentrates it and transforms it into capital. When I say profit commands the Soviet economy, am I saying that the planning authorities simply get together to figure out where to make the most money this week? No, that would be a crude simplification. To begin with, there is struggle over the allocation of capital, and this is a point I'll return to later. The key thing is that the plan is a concentration of the contradictions of capitalism. It attempts to meet the material requirements of social production in the framework of the expansion of value. It attempts to meet the overall political priorities of an imperialist social formation in the framework of capital expansion. All this raises contradictions to a higher and more intense level. On the one hand, capital is allocated on the basis of norms of effectiveness with the key being profitability — of the sort I described earlier. On the other, it is allocated on the basis of strategic and political necessity. The application of this capital is evaluated from both standpoints. But the conflict between material and profit targets and between independently organized labor processes, dependent on each other yet striving for profit, create constant tensions. Indeed, different elements of the plan operate at cross-purposes with each other.

The plan, then, must be grasped as a *moving contradiction*. The use of input/output techniques, that is, the projection of what goes in and comes out of a particular sector, and the role of the state bank make it seem like the proportionality of capital is fixed in advance. But all this ultimately depends on and answers to the production of surplus value. Bettelheim, I believe, is correct when he describes the plan as an unstable combination of commodity relations and administrative orders.²¹ Value dominates the plan and the politics it serves are the politics of imperialist expansion.

Let's demystify this plan. Anyone who thinks that the Soviet planners draw up a five-year plan according to which everything

falls into place is sadly mistaken. The 1966-70 five-year plan wasn't even in its final form until the end of 1967.²² Annual plans become much more operational — but they undergo constant adjustment and revision. The Soviet press is full of accounts of the failures of the supply plan to meet output goals and unintended changes in the product mix. Construction takes twice as long as planned.²³ In 1978, uncompleted projects stood at 85 percent of total annual investment — up sharply from previous years.²⁴ Enterprises finesse and finagle for supplies. Every factory has a so-called *tolkach* or expeditor on the company payroll. When the tires for a tractor plant don't arrive on time, this expeditor goes out, armed with rubles and cognac, to get these parts; advertisements and illegal factories are also part of the game. There is the practice of what is called "storming" — crazed, end-of-the-month attempts to meet targets. Norms are constantly changing. The March 17, 1983, issue of *Pravda* contains this complaint from a production association director: "We are simply tangled in indices. . . . We don't know what God to pray to."²⁵ The god of profit, I might add, works in mysterious ways. The revisionists have a wonderful way of rationalizing all of this. When the top planning authorities determine the overall goals, the revisionists say "Ah hah, that's socialism!" When the opposite is shown, when the anarchy of this mode of production forces productive units to scamper for supplies and to resist or enforce their own targets, then the revisionists tell us, "Ah hah, that's democracy!" What this whole picture really is, is the chaos of capital!

It is alleged by the apologists that because of state ownership it's impossible for a business to go under in the Soviet Union. In point of fact, mergers and consolidations go on all the time. Moreover, the state financial organs use credit allocations and suspensions of credit as a means to steer and restructure capital towards greater profitability. In *Pravda* recently we find an enterprise director explaining his predicament: "We operate on the basis of mutual contracts. If someone's credit has been temporarily suspended, it turns out that we shouldn't ship him any output at all. But how, then, can a client overcome his difficulties? And what are we supposed to do with the output?"²⁶ Not only does this tell us something about market discipline, but about the character of planning as well — all kinds of decisions are made, but something quite different happens. And the planning mechanism must seek to "outplan" the unintended effects of its own contradictory interventions.

Historically, it is true that all genuine socialist plans have been marked by balance and imbalance and require adjustment and re-evaluation. But here we have a plan bursting at the seams as a result of the anarchy of capitalist production. Meanwhile the revisionists tell us that stability is the hallmark of socialism.

I would submit that planning in the Soviet Union serves four political purposes. First, to perpetuate and safeguard the interests of the national capital. Second, to mediate disputes between vying fractions of the state bourgeoisie. Third, to maintain the legitimacy of the ruling class and preserve some social peace through social expenditure and certain egalitarian measures. And, finally, this plan serves to mobilize resources for a world war of redivision. This is the most fundamental and overriding strategic plan according to which the Soviet ruling class is operating. It is the same plan that the U.S. imperialist bloc is acting on, though the institutional mechanisms are somewhat different.

The Many-ness of Capital

Let me turn to the many-ness of capital. The Trotskyites and revisionists think they have pulled a rabbit out of the hat when they quote Marx from the *Grundrisse*, where he says capital must and can only exist as many capitals.²⁷ Since, according to their logic, unitary state ownership dominates in the Soviet Union — capitalism couldn't possibly exist. Of course, if you were looking for Brezhnev & Sons Motors or Andropov Savings and Loan, they seem to be on solid ground. But all this shows just how ignorant they are both of the profundity of Marx's point and the nature of the Soviet Union. Since when does the state equal one capital? As long as there are different sites of accumulation, different branches of production, departments, ministries and centers of decision-making in a society carrying on commodity production and divided into classes, you can have different capitals forming. As long as there is no conscious control exercised by the working class, where a line antithetical to its interests is in command — there will be blocs of capital forming and rivalry between them. The revisionists argue that such competition is out of the question when both prices and production quotas are set centrally. But when competition is restricted in the price arena it still asserts itself in the cheapening of cost elements through pressure on or absorption of suppliers — as happens in production associations in the Soviet Union all the time — and through organizational

and technical changes in the productive process itself. This is precisely what occurred in Nazi Germany under conditions of strict state control.²⁸ Value in the Soviet Union is formed through the conflict and interaction of discrete sites of accumulation.

The revisionists insist that private property must be linked with a system of individual rights and prerogatives. By this they mean rights of inheritance, sale and purchase of means of production and so on. But rights of inheritance are really carryovers from feudalism and, especially, more primitive forms of society in which kinship relations played an important role in the production and distribution of wealth. If inheritance through birth and family ties is the crucial issue, then one must ask whether the Vatican's holdings can be considered capital. (Although I understand there is some hanky-panky!) The essence of private property under capitalism is the monopolization of the means of production by the bourgeoisie, in whatever legal form this may assume, and the existence of discrete and competing centers of accumulation.

As we know, capital assumes more socialized forms: just think of a major corporation, which is rarely owned by one person. The separateness of sites of production is the cell of private centers of accumulation. But this is mediated in the imperialist stage of development, both Western- and Soviet-style. First, particular units of production are integrated into larger financial groups, and they operate according to a larger global perspective of profit maximization. On a higher and more important level, the imperialist state mediates the interactions of these financial groups. In fact, in no imperialist country is internal competition more important than international rivalry.

The Soviet capital formation is not the SU, Inc. In other words, it is not one big enterprise that collects profit. It is divided into many capitals. But the Soviet state bourgeoisie is not just or principally factory directors. And these many capitals do not necessarily correspond to a production association or a ministry. We are talking about distinct financial groups. This understanding is different from that of many followers of Bettelheim who either approach the state bourgeoisie as an undivided whole or who focus on enterprise managers. Now I must state that much more investigation must go on to identify the forms of existence and sources of control of financial groups in the Soviet Union. It is difficult to untangle exactly because these groups are embedded in the state. But no one in this room can

tell me with precision how financial groups interact and coalesce in the United States. Yet naming these exact groups is not necessary to establishing their objective existence and mode of operation. It is clear that such financial groups exist in the Soviet Union as complex and overlapping networks — with varying degrees of control and access to resources, with their own subplanning and regional headquarters, control over key party, government, and military positions, and sources of public opinion-making. Policy is arrived at through the interaction and conflict of larger financial groups. The state and plan are instruments of bourgeois class rule. Yet, at the same time, they are arenas of conflict within the bourgeoisie. The formulation and execution of the plan can be compared to an imperialist treaty. There is struggle over the terms of the plan, and struggle to break it.

We can see some footprints which indicate the existence of such struggle. The spread of so-called grey markets, semi-legal markets based on informal networks between factories; there is continual criticism in the Soviet press of concealment of productive potential, hoarding and noncompliance of contracts, all of which suggests a degree of noncooperation and empire-building. The empire-building becomes even more apparent when we consider redundancy between ministries — for instance, Alex Nove reports that materials moving equipment is made by 380 factories under 35 ministries.²⁹ Finally, since 1975, Soviet planners have been promising imminent publication of a comprehensive fifteen-year plan. By the start of 1982, that plan had still not been released. Let me turn to the question of crisis and international compulsion.

Crisis and International Compulsion

The structures and mechanisms that I have been describing belong to an *imperialist* social formation. But when the question of imperialism comes up the revisionists resort to all kinds of anti-Leninist distortions to prettify the Soviet Union. They bray that the Soviets don't have worldwide military emplacements which can be compared to those of the U.S.; that they give military assistance to liberation movements; that they give preferential economic treatment to some developing countries, pump aid into their state sectors, and even lose money in other countries — à la Cuba or Vietnam. Am I going to dispute these facts? Absolutely not. They just have nothing to do with whether the Soviet Union is imperialist or

not. The history of imperialism is replete with episodes of one imperialism using a national liberation movement against another power; the U.S. did it in the Philippines during the Spanish-American War and the Japanese secured the cooperation of Sukarno in Indonesia in driving out the Dutch. The U.S. certainly loses money in Israel and has given generous support to Brazil's state sector. Germany after World War 1 had no colonies and was actually prevented from exporting capital to a substantial degree in the interwar period. Was it any less imperialist than the archetypal imperialist power — Great Britain? To be perfectly blunt, the apologists are simply prettifying an imperialist power which doesn't have a large slice of the globe and which operates, sometimes effectively, under a socialist cover. Much the same way the U.S. operated under an anti-colonial umbrella following World War 2.

If we are to understand the particularities of Soviet social-imperialism, we must reckon with its socialist past — the fact that the revisionists made use of a high degree of centralization and some of the forms inherited from socialism. But from the beginning, the process of capitalist restoration was linked with a global dynamic. The Soviet Union emerged as an imperialist power into a very specific international environment reflecting, in the main, a division of the world which had its roots in the outcome of World War 2. The Soviet Union faced a vastly more powerful imperialist network dominated by U.S. imperialism. The specific international configuration and structure of world capital impacted on the allocation of capital in the Soviet Union, its internal policies and the shifting tides of its international strategy. One profound expression of this international dynamic has been massive militarization of the Soviet economy. This was by no means the enhancement of the military potential and capabilities of a socialist state under siege. It was the projection of a qualitatively different kind of military power in the world and serving the ultimate and decisive confrontation with the rival U.S.-led bloc. And this militarization has caused enormous strains and dislocations in the Soviet economy. At the same time, when the revisionists seized power, there followed a tremendous thrust outward into the "third world."

My opponent puts great store in the Soviet Union's resource self-sufficiency. Why this militates against imperialist expansion, especially when you consider the United States, that other resource-endowed great power, is beyond me. But Alexei Kosygin had some-

thing interesting to say about this:

The representatives of industry often regard foreign trade as something secondary. This absolutely false point of view must be changed, and the contacts between industry and foreign trade must be strengthened. The importance of a stable division of labor between socialist and developing countries must be stressed.³⁰

This much-vaunted international division of labor is nothing but a refurbished version of Ricardian theories of comparative advantage: "You do what you do best, we'll do what we do best, and we'll all mutually prosper." It is, to quote the title of my opponent's recent book, "the logic of imperialism." Furthermore, in 1978 all foreign trade associations in the Soviet Union were put — you guessed it — on a cost-accounting, that is, profit-and-loss basis.³¹ The question of investment, trade, and aid must be seen in every imperialist economy as more a *qualitative* than a quantitative one. By this I mean the pivotal role of overseas activity, especially investments in the "third world," in stimulating the profitable reproduction of the total capital. Still, as Kosygin's statement bears out, the Soviets do not look lightly on the quantitative scope of such activity. In fact, in 1982 total trade turnover — and this includes trade with other COMECON countries, the developed West, and the "third world" — amounted to 24 percent of Soviet national income.³²

I don't have time to extensively document Soviet capital export. I do want to emphasize that capital export does not have to assume any one specific form — like a multinational corporation setting up a fully owned branch plant in a "third world" country. Chase Manhattan exports capital through loans; other corporations do it through management contracts. For mainly political reasons, the Soviets go in for industrial cooperation agreements with "third world" countries. They may not involve direct ownership but are compensated through a share of production arranged through trade and aid agreements. It is through this commodity trade, financed through loans, that capital is really being exported to these countries and surplus value generated in and extracted from them. The revisionists clamor that their loans have low interest rates. But Soviet loans are double-tied: the Soviets must approve each project for which the funds are to be used and the credits must be spent on goods purchased from the USSR. By locking these countries into

agreements forcing them to sell their commodities cheap and buy back Soviet equipment at higher than world market prices, the social-imperialists are also obtaining superprofits.

The Soviet Union derives important benefits from its overseas economic activity.³³ It obtains strategic raw materials. The Soviets, for instance, have concluded an agreement with Morocco lasting thirty years providing a \$2 billion Soviet loan for development of phosphate deposits in southern Morocco. Most of the 10 million tons annual output will be shipped to the Soviet Union to repay the loan, and in barter deals for Soviet products.³⁴ The Soviets also obtain semi-industrial products from "third world" countries and secure markets for their industrial equipment. This trade also generates some hard currency earnings which can be used in other markets. One overall measure of the benefits of Soviet investment in, aid to, and trade with the "third world" countries is captured in their balance of payments with them. In 1960, the Soviet balance of payments with the "third world" was a negative \$229 million; in 1977 they ripped off a cool \$3 billion.³⁵ The point is this. Through such diverse economic forms the Soviet Union has structured a production relation of dependency and exploitation with the "third world." Now if someone wants to argue that imperialist investment in the "third world" is a good thing because it leads to industrialization, so be it, but that, too, is another debate.

The Soviet Union heads an imperialist network. It includes other imperialist and capitalist countries in Eastern Europe which are tightly integrated through economic and military connections. It includes client states and investment spheres in the "third world." Both the U.S.- and Soviet-led blocs are highly integrated and interdependent. But they are not self-contained. Their economic interaction and political rivalry can be seen in countries like India and Poland which themselves form part of a larger chessboard of international rivalry. But the Soviet Union has faced a certain problem. While it has been able to make some inroads into various countries in the "third world" at U.S. expense, its relative economic weakness with respect to the U.S. bloc has limited its ability to decisively tear some of these countries out of the U.S. orbit — as exemplified by what happened in Egypt. In fact, the Soviets often make gains in countries after they have gone through years of distorted and dependent development and at a time of unprecedented world economic crisis. It can inject some program assistance into these countries, but

little else — except of course for massive military aid which figures prominently in Soviet international economic and political strategy. The Soviet Union has an empire, but not enough of an empire to propel a massive and sustained surge of accumulation.

The Soviet Union is gripped by the compulsion of an internationalized mode of production. There are forces pulling capital outward, yet the present division of the world and structure of world capital does not permit either the volume of such flows or the kind of reorganization of capital internationally to fuel an expansionary process. There is a specific dynamic of crisis within the Soviet bloc. It involves a division of labor turning into its opposite, historic difficulties in agriculture, the reverberations of military spending, and a vast run-up of debt. In the Soviet Union itself there are profound manifestations of systemic crisis. Bottlenecks, shortages, and intensifying imbalances reflect the uneven reproduction of the total capital. Despite massive infusions of capital, the agricultural sector shows broad-based deterioration. The rate of capital formation and national income growth in the Soviet Union has been slowing. In fact, the 1976-80 growth targets were the lowest ever set for a five-year plan — and they were not even met.³⁶ Modernization is lagging in basic industry, yet the new five-year plan projects a reduced rate of investment. Andropov has launched a major campaign to boost labor productivity. These taken together are all symptoms of declining profitability.

For all its top-down planning, the Soviet economy is fundamentally unplanned — these difficulties are not the result of policy mistakes, overzealous planners, or inefficiency in the abstract. They flow from the contradiction between anarchy and organization in the capitalist mode of production. The crisis in the Soviet bloc interacts with the deepening and accelerating crisis in the West. Lacking the ability to expand on a new basis, the structure of capital in the Soviet bloc turns ever more wrenchingly in on itself, heightening all of its contradictions. The point is that the Soviets cannot resolve the crisis in their own bloc within the bounds of the existing division of the world. Nor can they allow the U.S. bloc to obtain the more favorable division of the world which it just as desperately needs. This is the compulsion they face. It is the same compulsion that the U.S. bloc faces. And so the two imperialist blocs rev up their peace propaganda machines while they prepare for war.

In closing, I would like to ask: is this cost-accounting, business-suit, and crisis-ridden economy consistent with socialism or with some other mode of production? Is the chauvinist proclamation of an international division of labor and the rape of Afghanistan consistent with proletarian internationalism or with some other ideology and practice? Is this mind-deadening and cynical social order consistent with the spirit of the Communards and Bolsheviks and rebels everywhere who've sought to storm the heavens, or is it consistent with the dead weight of tradition and oppression? The Soviet Union: socialist or social-imperialist? That we even have to ask that question emphasizes that the worldwide proletarian revolution is as tortuous and challenging as it is liberating.

FOOTNOTES:

1. Vera S. Dunham, "The Waning Theme of the Worker as Hero in Recent Soviet Literature," in Arcadius Kahan and Blair Ruble, *Industrial Labor in the USSR* (New York: Pergamon Press, 1979), p. 399.
2. Karl Marx, *The Class Struggle in France, 1848-1850* (January-November 1, 1850), in Karl Marx and Frederick Engels, *Selected Works*, Vol. 1 (Moscow: Progress Publishers, 1969), p. 282.
3. For a discussion of Mao's theory of continuing the revolution under the dictatorship of the proletariat, see Bob Avakian, *Mao Tsetung's Immortal Contributions* (Chicago: Banner Press, 1979), Chapter 6.
4. Frederick Engels, *Anti-Dühring* (Moscow: Progress Publishers, 1969), p. 368.
5. In recent correspondence Bob Avakian has put forward this brief summary of planning in socialist and communist society: "In communist society, planning, etc., will be a process involving the conscious participation, initiative and activism of the members of society and it will involve *direct calculation* of labor time and so on (without the famous value, as Engels put it); politics and ideology (the superstructure) will still be ultimately and overall dependent on the material foundation, on human labor and its products in the final analysis — but politics and ideology will play a greater role than in any previous society (even socialism). In a (genuine) socialist society, planning, etc., is under the leadership of the vanguard party but must involve the masses to the greatest degree possible and must fundamentally rely on them, both in formulation as well as implementation, which means the application by the party of the mass line; planning will have to involve the use, to one degree or another (depending on the material and ideological conditions, not just in the socialist country but fundamentally and above all in the world as a whole) of the law of value and other factors that are remnants of capitalism, but it must subordinate these to proletarian, revolutionary politics."
6. For a full discussion of these reforms, see *How Capitalism Has Been Restored in the Soviet Union and What This Means for the World Struggle* (Chicago: Revolutionary Union, 1974), Chapter 3.

7. A. Kosygin, "On Improving Management of Industry, Perfecting Planning and Enhancing Economic Incentives in Industrial Production," *Izvestia*, September 28, 1965. Reprinted in *New Methods of Economic Management in the USSR* (Moscow: Novosti, 1965), p. 28. Kosygin went on to say: "Profit reflects all these aspects of the production activities of an enterprise in a much more complete way than the production costs index. What is important in this case is to take into account not only the amount and increment of profit obtained, but also the level of profitability that has been attained, i.e., the amount of profit per ruble of productive assets."
8. P. Bunich, "Economic Accountability in a Mature Socialist Society," in *Problems of Economics*, May 1978, p. 9.
9. V. Selyunin, "Paradoxes of the New Index," in "Will the Net-Output Index Ever Work?", *The Current Digest of the Soviet Press*, Vol. XXXV, No. 11 (April 13, 1983), p. 10.
10. V. Rubin and A. Khachaturian, "Improving the Credit Financing of Capital Investments," *Problems of Economics*, November 1980, p. 49.
11. A. Komin, "Effectiveness and Price Formation," *Problems of Economics*, November 1982, p. 8.
12. P. Bunich, "Plan Indicators, Economic Norms, and Rules," *Problems of Economics*, November 1980, p. 5.
13. *New York Times*, May 1, 1983.
14. Miklós Haraszti, *A Worker in a Worker's State* (New York: Universe Books, 1978), pp. 69, 115.
15. Peter Wiles, *Distribution of Income: East and West* (Amsterdam, 1974), p. 35.
16. Al Szymanski, "Soviet Socialism and Proletarian Internationalism," in *The Soviet Union: Socialist or Social-Imperialist? Essays Toward the Debate on the Nature of Soviet Society*, compiled by the editors of *The Communist* (Chicago: RCP Publications, 1983), p. 44.
17. Bob Avakian, *Conquer the World? The International Proletariat Must and Will, Revolution*, No. 50 (December 1981), p. 29.
18. For a discussion of industrial structure and planning in France, see *New York Times*, November 28, 1982, and Andrew Shonfield, *Modern Capitalism* (London: Oxford University Press, 1969), Chap. 7.
19. This question is treated in depth in Raymond Lotta with Frank Shannon, *America in Decline: An Analysis of the Developments Towards War and Revolution, in the U.S. and Worldwide, in the 1980s*, Vol. 1 (Chicago: Banner Press, 1983).
20. This characterization of capitalist planning is put forward and developed in the important essay by Paolo Giussani, "Sur le concept de capitalisme monopoliste d'Etat," in *Communisme*, 25-26 (1976-77). This essay has been of major assistance in the preparation of this section of the presentation.
21. Charles Bettelheim, *Economic Calculation and Forms of Property* (New York: Monthly Review Press, 1975), p. 102.
22. Alec Nove, *The Soviet Economic System*, second edition (London: George Allen & Unwin, 1980), p. 34.
23. *Ibid.*, p. 162.
24. Thane Gustafson, *The Soviet Economy in the 1980s* (Santa Monica: Rand Corporation, 1982), p. 22.
25. "Will the Net-Output Index Ever Work?," *Current Digest*, p. 9.
26. *Ibid.*, p. 8.
27. Karl Marx, *Grundrisse*, translated with a foreword by Martin Nicolaus (London: Penguin Books, 1973), p. 414.
28. See Franz Neumann, *Behemoth, The Structure and Practice of National Socialism 1933-44* (New York: Harper, 1966), Part 2: Chapter 4.

29. Nove, *The Soviet Economic System*, p. 169.
30. Cited in Andre Gunder Frank, *Crisis: In The World Economy* (New York: Holmes & Meier, 1980), p. 180.
31. Elizabeth Kridl Valkenier, "The USSR, the Third World and the Global Economy," *Problems of Communism*, July/August 1979, pp. 28-29.
32. "The Report on 1982 Plan Fulfillment," *The Current Digest of the Soviet Press*, Vol. XXXV, No. 4 (February 23, 1983), p. 14.
33. As applied to India, see Santosh K. Mehrotra and Patrick Clawson, "Soviet Economic Relations with India and Other Third World Countries," in *The Soviet Union: Socialist or Social-Imperialist?*, pp. 98-114.
34. Gu Guan-fu, "Soviet Aid to the Third World, An Analysis of Its Strategy," *Soviet Studies*, Vol. XXXV, No. 1, January 1983, p. 76.
35. Data cited in S.J. Noumoff, "COMECON and the Third World," *Economic and Political Weekly* (Bombay), August 23, 1980, p. 1450.
36. Abram Bergson, "Soviet Economic Slowdown and the 1981-85 Plan," *Problems of Communism*, May/June 1981, pp. 24-37.

Albert Szymanski: *Rebuttal*

I've heard *nothing* in the last hour that has addressed any of my four challenges in a serious way. Nor have I heard anything but assertions that profits are in fact in command in the Soviet economy. As to the question about whether there is a privileged ruling class in the Soviet Union, the only mention I heard was that the top managers or the managers have access to the cars of an enterprise, but we all know in the United States all doctors and lawyers and most working class people have cars, and this is no evidence that a privileged ruling class exists. As to the question of was there a qualitative difference before and after the mid-50s, in any of these things, I heard virtually no evidence that things were qualitatively different, things qualitatively changed in the direction of capitalism, other than that profit was one of the 15 indicators, and a secondary one adopted in 1965, and that an interest charge was put on capital, both of these things being accounting devices to increase efficiency in the Soviet economy.

As to the question of imperialism, I got a plug for my book, *The Logic of Imperialism*, but I'd like to remind the RCP that the logic of imperialism is the export of capital, and I heard no evidence at all about capital being exported. Instead, what I heard was there is a long history of capitalist countries supporting national libera-

tion movements. The Japanese supported anti-European imperialist movements in World War 2, the U.S. supported the independence of Cuba, yeah, they certainly did. The Japanese wanted to displace the Dutch in Indonesia, and they did. Their capital went in there, and their capital went into China. That's qualitatively different than what the Soviets do. The Soviets support liberation movements, but they don't export capital to those countries. They don't make any money, in fact they end up losing considerably. How much the Soviets in terms of their own economy would have done, how much have they lost because of their support to Cuba, their support to Eastern Europe? There's a *qualitative* difference. The Soviets don't export capital, and they don't support liberation movements for that reason. They support liberation movements because of proletarian internationalism. When capitalist countries do it, they do it because of interimperialist rivalry, and I heard no real evidence that there is anything to do with the logic of imperialism in Soviet foreign relations.

As to labor being a commodity, I heard that workers can change jobs and that in fact there is some wage spread in the Soviet Union, and so sometimes workers change jobs to find higher paying jobs. This is not evidence that labor power is a commodity, that the logic of $M-C-M'$ operates, that somebody starts with money and buys labor power in order to expand it — that's got nothing to do with it. It was the same kind of process before '55; workers could change jobs in the 1930s and there were pay differentials. This is not really a serious response to the question of is labor a commodity. Marxists have *always* argued that socialism means to each according to their work, and we get a total confusion as to the criteria of socialism versus the criteria of labor as a commodity.

I think the RCP poses a very good question, although this is not a matter of a definition of what socialism is. One would expect that in a socialist country one moves to contain material incentives. One moves away from the socialist principle of to each according to your work. One moves away from bourgeois right. And it seems to me this is exactly what the Soviet Union has done between the mid-50s and mid-70s by reducing the spread between workers and the managers or the Central Committee members, in terms of their salaries or fringes, by more than half. That's clearly a movement away from inequality — by increasing the social wage from 20 to 35 percent, by the massive food subsidies that are increasingly introduced. This is

clearly a movement away from inequality and a movement to distribution on the basis of need which is precisely what we would expect, if you want to judge a society in terms of its motion.

It's very interesting, you brought up the thing about Asians. It is true they're trying to get people to move from Kazakhstan to Siberia where there are tremendous natural resources. But the point is, they're not being very successful. This is not a mark that they are capitalists, because believe me, if they were capitalists they would be successful. The French had no problem in getting Algerians to move to France. The British had no problems getting Jamaicans to move to England, and the U.S. capitalists had no problem getting Black people to move to Chicago. But the Soviets are finding it almost impossible to get Asians to move out of central Asia. Why? Because wage scales are universal in the Soviet Union, because there is no unemployment in central Asia, so why in hell would anyone in central Asia want to give up their culture and their country to move someplace else? They're not starving like they would be if it was a capitalist situation. It's strong evidence that it's socialist, not that it's capitalist.

You mentioned that, well, "other" countries have no unemployment. I tried to lay that out to begin with, it's not true that Germany didn't have any unemployment. The German reserve army of labor is in Turkey and in Portugal. The Common Market in that area has a unified labor market. Capitalist countries need either a reserve army or an administrative mechanism like Nazi Germany had, that operated like a reserve army. So there is no evidence at all that the Soviet Union is like that. And again, nobody made the claim that because the top 10 percent in the Soviet Union only makes three times more than the bottom that's why it's socialist. What we're talking about is the alleged capitalist class. By the way, it's pretty vague to me exactly who they're supposed to be. Is it the Central Committee members? Is it all the managers, the top managers? So we have to compare them, the alleged elite, and again, if we look at the Rockefellers, the Mellons, and the du Ponts in the U.S., you're going to get a spread of a couple hundred times with an average worker's salary. In the Soviet Union you get $2\frac{1}{2}$, $3\frac{1}{2}$ times, and declining significantly — that's the comparison. Believe me, there's nothing like that in Sweden. The Nobel family, the people that own Volvo, they make 1,000 times more a year, probably 500 times more a year. And it's mostly tax-free in Sweden because, as long as they re-invest it,

they get all kinds of incentives. It's qualitatively different than anything in the Soviet Union. To be socialist it seems like you'd have to be constraining distribution organized on the basis of labor, and this is exactly what is happening in the Soviet Union. The increase in the social wage and the increase in equality are clear evidence of that.

Now, most of the discussion was on profits. And again, I saw no real evidence here that profits are in command. I presented evidence that in the Soviet Union there is a tremendous subsidy on basic foods. Now, that's not evidence that profits are in command. Children's toys are subsidized. Rent is one-third of the cost of maintenance. Clearly they are paying farmers twice as much as they sell things for in the shop. They are mighty poor capitalists to work on that system, let me tell you. No capitalist can work on that system.

And then I heard that, well, in the West capitalists don't always invest for profit. And you said, for example, the U.S. military is not so profitable. Are you kidding? What could be more profitable than General Dynamics, the Trident submarines, and the military stuff? Corporations are making immense amounts of money off the military, but the thing that happens there is they tax you and I and working class people, and that money ends up in the corporations. Across the board, the capitalists don't do anything that's not profitable. They may do some things that are pretty inefficient, but who pays the bill when they do something that's inefficient — that's taxes. Now, just looking at the logic of military spending, it's very different in the Soviet Union, because it's a full employment/labor shortage economy. They have to transfer resources away from food or housing to the military, and Ronald Reagan and the U.S. capitalist class knows that well. They're jamming it to the Soviet Union by forcing the Soviets to spend more on the military. The CIA is very conscious of this, and that's economic sabotage of the Soviet Union. So increased military spending in the U.S. produces tremendous profits for the U.S. capitalist class. At the same time, it really hurts the Soviets, because that means they have to take their resources away from increasing consumption standards. The CIA understands that. I don't understand why the RCP can't understand that.

The location of investment in the Soviet Union is not by profit criteria. In the capitalist world, they tend to build on where investment already is and where wages are lower. Wages are the same in

central Asia as they are in Moscow or in Leningrad, but there's less skills there, so when they put a factory in central Asia they have to train a new labor force. That's much more expensive than building a factory in Moscow. If wages were like Mexico and you pay 25 percent, you could see it was profitable. But they get no wage reduction by moving to central Asia. In terms of profitability they take a real loss by building the factories, but they build the factories for political reasons. The Soviet Union has long been committed since the 1920s, and consistently, to reduce the inequities inherited from the Tsar, to equalize the level of income per capita, education, and everything else, among the republics. So you see, even though it's extremely inefficient or unprofitable, if you will, still they focus on moving those factories to central Asia, which is why there is such a labor shortage relatively in central Asia. They can't get the people to move to Siberia because it's a socialist economy — labor power is *not* a commodity.

Again, it's not a question of planning; it's planning for which class. Now, it might be possible for state capitalism to be totally planned, I have my doubts, but the real question is, in the socialist economy is planning in the interests of the working class, not in the interests of any alleged new capitalist class and not for accumulation for its own sake? And it's not a question that, well, they don't fulfill the five-year plan. How in the world could they predict accurately what the wheat crop was going to be? All they can do is estimate it. If the weather is bad, does that prove the country is capitalist, because the plan wasn't fulfilled? No, it's the question of whether or not profits are in command, and there is no evidence that profit is anything other than a secondary indicator.

Let me quote you from Lieberman. He's the Soviet economist that allegedly outlined the theory of profits being in command that was implemented in the Kosygin reforms of 1965. What he said about it was this: "All the basic levers of centralized planning — prices, finances, budget accounting, large capital investments, and finally all the value, labor, and major national indices of rates and proportions in the spheres of production, distribution, and consumption — will be determined entirely at the center." In other words, profits do not determine investments, they do not determine the wage bill, they do not determine the prices, they only determine a very small percentage of the bonuses. Profits in no way were in command in the Lieberman proposal, and furthermore, in 1965 they

didn't even adopt the Lieberman proposal. They adopted a much watered down one, where they reduced the number of centrally planned targets from about twenty-five to about fifteen, of which realized output was the primary one. I won't read the quote from Kosygin, but it's real clear that profits have always been a book-keeping device and not the criterion of investment, as they would be in capitalist society, not the criterion of wages and not the criterion of prices. Those things are centrally planned and they're centrally planned for political reasons, both in terms of what benefits the working class and, very crucially, what transforms that society. So we're talking about division of labor, education of the working class, the expansion of goods distributed on the basis of need — all these things are essential components of the plan.

Of course, banks in the Soviet Union do use credit as one of the mechanisms to implement a plan. But to say they have a capital charge or use interest as a mechanism to ensure plan fulfillment is a far cry from whether profits are in command. We really ought to get beyond this, back to the basic question that I thought the RCP understood in *Red Papers* 7. The question is, which class has state power in the Soviet Union? It's not a question of what mechanisms they use to guarantee the plan. I thought we agreed that the plan was really ruling; *Red Papers* 7 seemed to draw that conclusion. So then the real question is, who controls the plan? Planning for what? What's the political line that guides the plan? Profits are not in command of the Soviet economy. There's just no evidence for it, there's virtually universal consensus among all anti-communist scholars, people who work for the government, the CIA, . . . I mean, *nobody* can make a serious case that the law of value and markets are the guiding thing. That markets determine what goes on in the Soviet Union is not a credible position. The only legitimate argument that we have is who controls the state, and again, I think all the evidence indicates that: one, there is nothing like a capitalist class and, two, that there are umpteen different instrumental and structural ways by which working-class power becomes real in the Soviet Union.

Raymond Lotta: Rebuttal

I want to speak to a few of the points that were raised by my opponent. One, the question of profit in command. What's very interesting is that what he is saying amounts to: "Look, the real question is not what all these underlying mechanisms are, but really which class rules the state." This is exactly what I was hitting at in the opening part of my presentation. Line and superstructure are decisive, and they play an *active* role in reproducing and transforming society. But line and superstructure also correspond to and reinforce a certain material reality. What my opponent wants to do is say: "Well, let's just leave aside this question of the base and let's talk about all these nice, electoral, bourgeois-democratic forms that the workers seem to be engaged in. From there we can derive that as long as they are involved in those kinds of participatory mechanisms at the factory level and so on and so forth, then whatever lever is used — profit or any other indicator — to guide production, so be it so long as you have some workers who are making some decisions at some level." The whole thrust of my talk was to examine what is the motive force in the mode of production, and that is the law of value and profit in command.

Now on the question of profitability, I just want to read from a summary of the Soviet Standard Methodology for Investment Allo-

cation in 1969. It explains that "investment, including through central budget funds, has been determined by dividing change in national income by investments within a sector." In other words, it's describing how investments are made within and between sectors, and that there is a relationship between the income generated and the amount of capital that is extended into those sectors. This at least should tell us that we have to look very closely at this question of profit in command and what it means.

That relates very directly to this issue of wage-labor. The point is that the existence of wage-labor is not in and of itself capitalist — we're talking about *capitalist* wage-labor. There is payment for work performed under socialism. But what marks wage-labor as capitalist wage-labor is the subordination of the labor process to the value-creation process. There is both exchange and use value produced in a socialist economy. The question is what is dominant, what politics are determining the allocation of labor, in accordance with the interests of what class, and on the basis of what real, underlying relations in society? What stamps wage-labor as capitalist wage-labor is the fact that the worker must sell his or her labor power to an alien force in order to survive, to an alien force that dominates and oppresses that worker — that's what makes wage-labor capitalist wage-labor. So let's not attribute to me some sort of position that wage-labor in and of itself, or money in and of itself, is the problem. Yes, they are problems that have to be overcome; they are contradictions that have to be overcome. But, again, the dividing line in socialist society is the question of what is subordinate to what and what is the motion of that society. Is it moving in the direction of overcoming and eliminating wage-labor and payment for work performed, and towards the communist model of "from each according to his ability, to each according to his need"?

I think the very flippancy with which Szymanski talks about payment for labor performed betrays a very shoddy understanding of the contradictions in the socialist period. Because Marx doesn't simply talk about payment for labor as the "great socialist principle." He also talks about this as a *defect*, as something that has to be moved beyond. He talks about the inequalities that are inherent in the wage-labor relationship, and that's the thing my opponent is not speaking to. In fact, payment for labor performed can be very easily turned into a bourgeois relationship. In other words, from each according to his ability, to each according to his work, or he who does

not work, neither shall he eat — this can be turned into its opposite and be given a bourgeois content and serve capitalism. That is, it can become the credo of the capitalist — work for me or starve. And that is the condition that I was describing in the Soviet Union.

Next, I want to speak to some of these international points raised by my opponent. I thought it was most interesting in the beginning of his presentation that he talks about free trade as a great principle of interrelationships between countries. He quotes Marx, who of course was writing in the pre-imperialist epoch, and he also says that this is a principle that we ought to uphold — the proletariat in power should regard free trade as a fair principle. That's again another example, in the realm of international relations, of the enshrinement of bourgeois right. I think there's a very important relationship between the way in which wage-labor is approached — that is, "Hey, payment for work, that seems fine, well and good, let's move on," not seeing that in itself this is contradictory, that it has to be moved beyond and in fact can be turned into its opposite — and this view of international trade relations, that socialist countries and other countries should be engaging in free trade.

But we live in the imperialist epoch in which nations are divided into oppressor and oppressed nations, in which the existing structure of world trade from the get reinforces that division. Yet all we hear about is international trade being a good thing while we supposedly make such a big deal about autarky. Well, I don't know of any socialist principle which establishes autarky as the guiding light of a socialist economy. Mao, of course, talked about self-reliance, which meant relying on the efforts of the masses of people in developing an economy and in moving that society forward, but that is not the principle of autarky, so let's not confuse the two. By the way, in terms of international trade, to really overcome bourgeois right in the realm of international relations, you would have to modify price relations and value transfers in order to deal with the fact that there are oppressed nations in the world that suffer under the boot of imperialism, that stand in an *unequal* relationship with imperialism and occupy a subordinate place in the international division of labor, and are thus actually pushed back when "free trade" is carried on. That's another point in connection with this enshrinement of bourgeois right.

On international relations in general, first of all I want to stress that we must understand the overall position of the Soviet Union in

the world as an imperialist power. As I emphasized, it does not have much of a division of the world and it must maneuver in that context. That has real implications in terms of its camouflage, in terms of its even having to make concessionary deals. But the key thing is that they have a larger and longer-term perspective. The Soviet social-imperialists are operating according to a long-term perspective and not the immediate benefits that might be derived from this or that investment. That's one point.

The second point pertains to my opponent's view of capital export. I think it's very interesting that he basically defines capital export out of existence by identifying it with direct investment abroad, i.e., the multinational corporation. The revisionists want to prettify the situation in the Soviet Union by talking about a capitalism that basically corresponds to the nineteenth century capitalism of the independent, cigar-chomping factory owner, and can't deal with the more complex, labyrinthian relationships that are concentrated in finance capital. Then when it comes to international relationships, we have to see a French *colon* or we have to see an American-style multinational corporation. In point of fact, the export of capital does not have to assume that form. For instance, in the history of imperialism loan capital and portfolio investments were very significant (at the turn of the century).

It's very easy to identify a United Fruit Company or an Anaconda, but it's much more complex and deceptive when we deal with a so-called and ostensibly nationalized industry in Mexico, which has linkups with international debt agencies. In fact, the imperialists control countries through indirect means, through control over marketing arrangements, credit allocations, and so on. To look at the export of capital simply and solely in terms of direct productive investment is very misleading. Let me just cite one statistic which I think makes the point much clearer. In South Korea in 1960, 82 percent of the foreign capital invested there took the form of direct investment, and 18 percent took the form of loan capital. In 1975, those figures were completely reversed — 82 percent of the investment in South Korea from the West was in the form of loan capital and only 18 percent in the form of direct investment, i.e., branch plants and so forth. So, again, I think we have to take a careful look at what capital export is all about. It is the export of value to generate value, and that can go on through any variety of mechanisms, including those of the Soviet Union that I described.

If Soviet aid is qualitatively different from that of the West, let's look at what it is actually doing. Yes, Soviet aid can be repaid in kind through barter arrangements. In other words, the Soviets will lend money to help construct a factory and part of the output of that factory will then return to the Soviet Union. But what is the effect of that kind of relationship? It ties these countries in a long-term sense to the Soviet Union: it's the functional equivalent of a concession granted a foreign power, insofar as a certain amount of that output is earmarked for the Soviet Union. And what is the difference between payment in commodities and payment in money? There is no fundamental difference. In both cases, value is being generated in the "third world" countries and transferred to the imperialist country, the Soviet Union — in another form, but it's still extracted value, materialized as a commodity.

I talked very briefly about how the Soviet Union obtains superprofits through loans and pricing scissors relationships, that is, buying raw materials cheap and selling industrial equipment dear. Let me give one example which I think is very illustrative: Iraq. The Soviet Union has extended aid and loans of various kinds to help Iraq develop its oil drilling and refining capacity. Oil accounts for 90 percent of Soviet imports from Iraq, yet not *one drop* of that oil is consumed in the Soviet Union, not one drop of that oil. I find this very interesting and almost comical, because my opponent talked before about the fact that the Soviet Union has a surplus of oil which it can export around the world, and here it enters into a relationship with Iraq, through loans and aid — for oil! What is it doing with that oil? Is it using it to meet use value requirements in the Soviet Union? No, not at all. They are remarketing that oil, principally to the West European market. One has to ask, why does a socialist society do such things? What is involved here? In fact, in 1973-74, the Soviet Union obtained oil from Iraq in partial payment for arms that were extended them during the '73 Arab-Israeli War, and they sold that oil at three times its price in the West European markets.

It's very important to grasp these kinds of relationships and how they are linked with the changes that took place when the revisionists seized power. As far as Soviet relationships with the rest of the world, I think it's very significant that at the same time that Khrushchev was equalizing relations with Eastern Europe in the mid-50s, in fact entering into pricing relationships that were more advantageous to Eastern Europe, that was the same moment they

thrust massively outward into the "third world." What in fact was happening was that they were beginning to construct a network based on certain intercapitalist, interimperialist relations which extend into the "third world." That process went through stages, in terms of developing the infrastructure necessary to carry out investments in various countries, carrying through with the various forms of reorganization of the Soviet economy, and, at the same time, beginning to challenge U.S. imperialism in various kinds of ways.

During the reign of Khrushchev, that mainly took the form of collaboration and collusion with the U.S. imperialists, for fear of provoking a confrontation with the United States at a time at which they didn't have the necessary military or economic reserves to fully challenge the U.S. But, again, there are two facts that are coincident: the relations with Eastern Europe were undergoing a certain change, which was part of the elaboration of a ramified imperialist network (including increasing trading relationships with the West), and the penetration into the "third world." It's very curious that Khrushchev gives a speech in the UN in 1960, in the same period this is happening, in which he says the era of colonialism is over, and now the Soviet Union is getting into the "third world" countries to help them. It's very telling that Stalin was in fact attacked by the revisionists for not having a "broad" enough, "internationalist" enough perspective in economic relations with other countries. So there are these very significant shifts taking place that represent certain qualitative changes in the relationships between the Soviet Union and the rest of the world.

Raymond Lotta: Concluding Remarks

I want to try to briefly answer some of the questions that were raised, and then try in the time I have remaining to make some concluding remarks. First, someone asked about the difference between social surplus and surplus value. This is a very complex issue that would have to be more deeply examined than time permits. I do think, however, the way to approach this question is that the surplus product of a society is a materialization of surplus value if it is the embodiment of a certain process, and that process is the expansion of value as an end in itself. That has real consequences in terms of the very starting and end point of the circuit of capital, which is to say, that means of production and labor are combined with each other only insofar as they serve the self-expansion of capital. In other words, all of the elements of the productive process must first be transformed into capital to become elements in the process of capital expansion, and that is mediated by exchange — between capitals and between capital and labor. The surplus product embodies an objective process that's going on in society. The surplus product in the Soviet Union is expressed financially as net national income. But what that actually expresses is surplus value: the whole dynamic of society is that investment decisions and the combination of means of production with labor power are determined by the ex-

pansion of value. This means, as I have said in the earlier part of my presentation, that it is not the planned creation of use values and the conscious allocation of labor to serve the goals of proletarian revolution worldwide that dominates the production process, but something else, something entirely different, even though both dynamics result in a physical thing.

The key point to grasp here is that in all societies some mechanism must regulate the production of a surplus. But in a socialist society, once the mere production of the surplus as an end in itself becomes the overriding concern, once the question of doing it in the most efficient way, i.e., anything goes, then what is happening is that the conscious organization and allocation of social labor is giving way to something else. So I believe that's a starting point for making an analytic distinction between the existence of a surplus that embodies surplus value and a surplus product that will be produced in a socialist society, which is the product of a different dynamic, the dominance of the labor process over the expansion of value as an end in itself.

Several questions were raised concerning the policies of Lenin and Stalin. It's very difficult in five minutes to go into this. I would only urge people very strongly to study what I believe is a seminal document dealing with these questions, which is *Conquer the World? The International Proletariat Must and Will* by Bob Avakian, Chairman of the Revolutionary Communist Party. But with respect to some of the specific questions raised: First, someone asked whether I agreed with Lenin's positive appraisal of the Taylor system. Do I think that was wrong? Yes, I do. Because the Taylor system represents, as anyone who's seen *Modern Times* by Charlie Chaplin can attest, the domination of living labor by dead labor, the subordination of the human to the machine. The Taylor system was developed with mass production lines, it's a cost-effectiveness organization of the labor process (subdividing it into its smallest units of work) which brings the dead labor into a position of dominating living labor. Now Lenin was of course operating from the vantage point of developing a socialist economy where there had been no experience before. The questioner asked, "Why do we disagree with Lenin," or how could we? Because experience has been accumulated and there are other ways of organizing production besides this Taylor system, so it is not something that can be upheld today. That's not an intellectual question in itself, there was actual, concrete ex-

perience that was gained and understanding forged through the Cultural Revolution in China, where the conscious initiative of the masses was the key tool in pushing the productive process forward as part of a larger perspective, which was the proletarian revolution looked at from the standpoint of liberating the working class internationally.

Several questions focused on Stalin's policies. It's very difficult to go into this in any depth, but as pointed out in *Conquer the World* there were some real contradictions that were being dealt with in the Soviet Union. Lenin was dealing with the whole problem of building socialism in one country and at the same time promoting world revolution. Then there were questions of how to actually build that socialist economy. What's pointed out in *Conquer the World*, and what I believe is very important, is that even with Lenin there was a tendency to identify socialism in a one-to-one way with the process of industrialization itself and the dominance of industry over agriculture. Such problems of course reflected the fact that this revolution was in its infancy. How to go about building socialism and handling the relationship between defending a socialist state and promoting world revolution were objective contradictions faced by the proletariat and Stalin after Lenin's death. And it must be said that Stalin didn't handle these contradictions very well, particularly the relationship between defending socialism and advancing world revolution.

There was a tendency on Stalin's part, which became very, very ugly in fact as the situation progressed, to look at things from the standpoint of "fortress socialism." How can we fortify the socialist state against external assault, how can we *defend* it, as opposed to the standpoint, which is argued and gone into in great depth in *Conquer the World*, of putting the socialist state on the line, so to speak, to promote world revolution. The interests of the world revolution must take precedence over the defense of a socialist state, even though there are concrete tasks involved and real necessities related to the defense of that socialist state. Stalin, it must be said, didn't handle the contradiction very well, and both problems that I spoke of in regard to Lenin were magnified during that period: that is, "fortress socialism" and also much more the identification of socialist development with the productive forces, with "catching up and overtaking" the advanced countries as the secure guarantee.

This orientation led to a variety of policies and programs —

bribing the upper strata, relying on wage incentives to motivate workers, changes in the educational system — all of which were geared to fortifying this socialist state, and it had very negative consequences. Mass mobilization and revolutionary politics were subordinated to that approach and that orientation. It must be said that coming out of World War 2 the proletariat was in a weakened position in the Soviet Union and, as pointed out in *Conquer the World*, the situation faced immediately coming right out of World War 2 was the capitalist road or the socialist road. What would have been required was indeed a Cultural Revolution.

So, the dialectics of the situation was such that Stalin was actually attempting to secure socialism, but the means and methods used to do that actually had the effect of disarming large sections of the masses. The bourgeois forces generated within the upper reaches of the party and the government were very well positioned, coming off of the dislocations of the war and a period, it must be said, of political paralysis and demobilization related to this fortress socialism orientation, to consolidate the rule of a bourgeois clique. What must be stressed, however, is that Stalin was trying precisely to defend the Soviet socialist state and looking out into the world and world revolution. But the people who came to power, led by Khrushchev, and the revisionists in power today have absolutely no pretense, there's no commitment here, there's nothing that vaguely resembles socialism. What's involved here is imperialism, the extension and spread of that imperialist network, and real changes in the material base, that is, the dominance of the value-creation process which correspond to this political clique, to its political program. What Stalin was trying to do was reflected in the fact that there was a real socialist society with socialist relations of production, although very weak and although very contradictory, with aspects of that society, structures in that society, components in the superstructure that were firmly in the hands of bourgeois forces. But, overall, the line that held command in that period was a proletarian line. So that's some backdrop.

I would urge people to study the *Conquer the World* document and take into account that there is a very strong attack on Stalin. In other words, when the revisionists come to power they make use of mechanisms and policies that were in fact serving this "fortress socialism" and "catching up and overtaking" orientation. But it's on a whole new basis, within a whole new framework, which is, again,

the extension and the defense of the interests of a new imperialist bourgeoisie, and the alteration, in a very real sense, of the measuring rods and the organizing tools of the productive process itself, and that's what I got into in terms of the law of value.

I would like in the time I have left to make some concluding remarks. It's rather difficult in this short time, but I do want to speak to some of the overall points that were raised by Szymanski in his presentation and what I think their implications are for understanding the process of revolution. Just in brief, it seems to me that his whole orientation is that it doesn't really matter what line is on top in society and what the real nature of the productive base is. As long as some notion of social welfare is being advanced — in fact at one point in his presentation he defined the ruling ideology of Soviet society as social justice, it had nothing to do with revolution, with overcoming the differences and divisions of society, with promoting world revolution — things are on the right track. I think this view of socialism is a view that sees it mainly as a continuum of the progress of bourgeois democracy, that somehow if you can get the right combination of democracy and economic justice... that's really what socialism is all about. It doesn't really matter if value categories underlie this, if it's market socialism or something else. As long as there's this weird amalgam of democracy, workers' participation, and some notion of social welfare — then you're on the right track.

I think the key thing about Szymanski's approach is that the question is never posed in terms of socialism versus capitalism. What we really have, then, is a vision which amounts to a "decapitated capitalism." In other words, this is a capitalism without the ugly capitalists on top. You've knocked these avaricious Rockefeller types out of the picture, then what you do is you stress efficiency, use whatever methods you can to develop material abundance from the standpoint of the nation-state, and then you move on to something else. Society is organized around incentives and all kinds of inducements because, after all, as he said, the people want meat and that's what they got. In other words, the masses are only capable of consumption, of altering their consumption requirements, and that's what they want; they vote with their mouths. As he said, it smells like socialism, but I think it smells exactly like capitalism from everything he describes about it.

The other aspect of his analysis is the system of "structural

guarantees." Again, this is all based on the notion that there's some structural form that is impenetrable to capitalism. I think the point to be emphasized is that any of these forms can be transformed into bourgeois institutions. Then there is this idea that you have leaders who, in order to be politically savvy, have to espouse a revolutionary ideology (that way they'll get over on the masses). Since they've espoused this revolutionary ideology, these leaders have no choice but to implement it, while the masses are all being educated in this ideology so they in turn can distinguish genuine from sham Marxism. The assumption is that the masses are spontaneous Marxists or that the ruling clique doesn't in any way promote public opinion, educate people around *its* vision of "communism," which is exactly what Szymanski has been educated in, which is, if the people want meat they get it.

I would like to sum up this society in good Maoist tradition by using a numerical description, what I call the "three cynicals." This view of socialism is first of all based on "cynical realism." "The masses certainly don't want to go for the heavens, certainly don't want to change the world, so let's just go with what's possible." And that is, of course, along the lines of what he was saying — a budget which has social expenditures in it, improved housing, and so on and so forth. "Let's not be unrealistic." So that's "cynical realism."

The second cynical is "cynical naïveté." "What?! Leaders sell out?! Why would they do that, why would they feather their own nest?!" That's "cynical naïveté." And of course leaders are subject to all kinds of structural constraints. We of course have to put the matter quite bluntly: the ultimate structural constraint, as we've seen in the case of Poland, is martial law. So any illusions about such structural constraints should be reconsidered.

The third cynical. . . I had another "cynical." Well, I'll get back to that "cynical."*

I really want to emphasize that there is no higher vision here than just the alteration of bourgeois relations and bringing a capitalist society under central control, using optimal planning methods. What we really have here is the same ideology, the same culture, the same political system, but suited to the bourgeois interests of a state

*. The author writes: The essence of the "third cynical" was incorporated into the first. The "third cynical" was "cynical disdain for the masses," i.e., "the masses want meat on the table, not the struggle to grasp and transform the world."

monopoly capitalist bourgeoisie. I think it's also very important to take note of the fact that the advantages that the working class obtains in the Soviet Union can't be separated from the fact that this is an imperialist power. All this oppression, stultification, and boredom ultimately rest upon the plunder of the people of the world anyway.

Let me conclude in terms of why the question is important. First, I think clarity about the nature of the Soviet Union is decisive, in part because of what came out in this discussion. The Soviet Union concentrates so much of the experience of the international proletariat: the first successful seizure of state power, the first experiences in developing a socialist economy, having to deal with the contradictions of promoting revolution and dealing with world war. Then of course this was the first instance in which the process of proletarian revolution has been reversed by a capitalist restoration. I think an understanding of this question is very vital towards an understanding of the goal and the nature of the revolutionary process, that is, what will it actually take to transcend class society. So I don't think this is an academic question, it has everything to do with what it is that we're striving to accomplish, what it is that the proletariat is all about in terms of eliminating classes and class distinctions on a world scale.

Second, I think this question is extremely important in relation to the situation we face in the world today, the situation that is shaping up in which two imperialist blocs are on a collision course with each other. We've seen that in terms of proxy wars, new weapons systems being developed, constant tensions within and between these blocs. We ought just consider the fact that the two blocs are holding their big economic summits and they're both plagued with serious economic crisis and disarray and pulling their blocs together for the ultimate confrontation, which is to redivide the world.*

But the same forces which are bringing these two imperialist blocs into confrontation are also heightening all of the contradictions in the world. There are increasing signs of revolutionary struggles and there are increasing signs of new initiatives being taken by revolutionaries all around the world. What's shaping up in the world today is a situation in which the contradictions of the world

* The author points out that the COMECON summit scheduled for the spring of 1983 was subsequently cancelled because of unresolved disputes within that body.

imperialist system are converging and coming to a head. The same forces driving the imperialists to war are also opening up unprecedented opportunities for the proletariat to make a decisive advance on a world scale. An understanding of the nature of the Soviet Union and the nature of the revolutionary process is absolutely essential if we are going to maximize the gains of our class on an international scale in a period in which we can make extraordinary gains in relation to periods of relative peace and quiet, and in relation to the requirements of advancing the revolution to the maximum degree possible.

Finally, our view of the process of proletarian revolution is not, again, some idle academic question. How we analyze the historical experience of the Soviet Union and how we analyze the developing situation in the world has everything to do with the kind of struggle we wage. Communism can only be achieved through the fiercest, the most determined, and the most conscious struggle to make a leap into the future of mankind. Thank you.

Albert Szymanski: Concluding Remarks

I'd like to clarify my remark about smelling like coffee. I was paraphrasing Clark Kissinger's quotation of Ann Landers yesterday. But by the way, I think Clark has put an immense amount of time and energy into the conference for a whole year, and I really think we should give him some kind of thanks for his work.

I'll try to address some of the questions, but there just isn't time to deal with all of them. One question was why did not the Soviet Union give sufficient support to liberation movements before the early '70s. I think they were unduly afraid of nuclear war. It was basically the change in their position on Vietnam, and particularly the events of 1975, that was pretty much decisive in changing my mind about the Soviet Union. And I think it's their general change and much more active support of world revolutionary movements in the latter part of the '70s that means that U.S. imperialism is really jamming them today — they're suffering for it. What I would like to point out is that the worst you can say about the Soviet Union in the '50s and '60s is that they gave *insufficient* support to revolution. In the early '70s China *betrayed* the world revolution, and that is a qualitatively worse kind of phenomenon, while Mao Tsetung was alive.

As to Central America being a contest between superpowers, I

mean, that is just bullshit. The only, the best stake, or the biggest stake you could ever say the Soviet Union had in El Salvador or Guatemala is maybe they gave a secret subsidy to the CP bookstore in the capital. What's going on in El Salvador or Guatemala is a class struggle by two of the most vicious ruling classes in history, supported by the most vicious imperialism, against the people of those countries.

As to the Tanzania-Zambia Railway, if we reasoned the same way as the long article about India reasoned in the book published by the RCP, it's clear that the Chinese by building a railway between Zambia and the ocean facilitated commerce in those countries, and neither I nor the RCP would argue that Zambia or Tanzania is a socialist country. Now what could facilitate the building of capitalism more than building a railway? Therefore, since China helped build the railway it must be imperialist. But it's a bullshit argument. I think Chinese foreign aid was a little better than Soviet aid. The Chinese technicians went in there and lived at the same level as the people; the Soviets don't do that. But you don't judge whether a country is imperialist by whether or not the people live at the same living standards. You might say it was better, but qualitatively they were the same — neither one of them were instances of social-imperialism.

The Horn of Africa. The Soviet position on the Horn of Africa is that there should be a federation involving Somaliland, Eritrea, and Ethiopia, as well as South Yemen. The Ethiopians offered autonomy to the Eritreans. The Eritrean People's Liberation Front is, I believe, a revolutionary and Marxist organization that got its guns and training from the Soviets and Cubans before the Ethiopian revolution. I do not personally believe that the Soviets should have anything to do with the dispute between the Eritreans and the Ethiopians. As far as I know, the Cubans live by that principle. That's an argument among revolutionaries and not an example of imperialism.

The question is, is the Soviet Union moving towards communism? Well, if you define communism as increasing distribution according to need, as opposed to labor, and increasing involvement in running the day to day aspects of lives in the factories and in the neighborhoods and so on, on a voluntary, participatory basis, rather than through paid officials and so on, the movement is in that direction. Now whether or not they can achieve it is another ques-

tion, but certainly they're not moving toward capitalism.

A couple of questions about labor power being a commodity in the Soviet Union. It was posed by the other speaker that essentially the condition of the Soviet working class is "work for me or starve." That is again just total nonsense. There's an extreme labor shortage in the Soviet Union and the workers basically can't be fired, and so if there was nothing else, workers are not faced with "work for me or starve." They could get a hundred jobs like that, and the manager can't fire them. Plus, increasingly the food subsidies and the rent subsidies mean that you can almost live for nothing in the Soviet Union now; almost, okay.

As to capital export, I have not heard any evidence whatsoever that the Soviet Union exports capital. The thing that you can mostly say is that they do in fact build factories in other countries. Like the Chinese built the railway, the Soviets build dams and steel mills, and they want some compensation for their resources — it's not doubly tied aid. What they do is provide the materials and the technicians, and say: rather than have to provide us with hard currency as the Americans require, we want partial payback. Now that's a loss of 12½ percent to them. Had they kept those resources in the Soviet Union they would grow, you know, 15 percent. Instead, they make a tremendous subsidy to countries like India by sending the materials and the technicians and building those factories there. That is not imperialism.

I've tried to say over and over again what my position is. The question of socialism is defined as what class is in power? It's not a question of a continuum, or welfare, or bourgeois right, I've said over and over again, and the position is totally distorted — socialism means the working class is in power, and the evidence is pretty strong that the working class is in power in the Soviet Union.

There was a question about this guy Matthews and supposedly he says that the very top elite in the Soviet Union earns six to eight times more than the average worker. Well, let's make it real clear. The president of General Motors and these big corporations now are making between two or three to ten million dollars a year. The average salary for a worker in the U.S., what is it, like \$17,000 or \$18,000. Now just in terms of the top managers and the average worker, we're talking about a spread of about 150 to 1. So even given Matthews' distorted data there is still a qualitative difference. And when we talk about the owners, the Rockefellers and the Mel-

lons, you're talking about people making \$20 million a year, you're talking about a difference of 1,000 to 1. Even with Matthews' data, that's a qualitative thing. And by the way, I did not even cite the Matthews book, *Privilege in the Soviet Union*, as the source of my data; I do list it, but I didn't use it for that data. That data comes from a number of sources — Yanowitch, Nove, Hough, and Lane. And we're not talking about some minor official out in Siberia, we're talking about the wages of the 49 or so top economic ministers in the Soviet Union being pretty much frozen at 600 rubles. Now it's not insignificant that Andropov's apartment has 5½ rooms. This is not an insignificant fact. It's a qualitative difference. There is petty privilege there, and yes they do have access to a car of the enterprise and they can probably get Western whiskey. Big deal. It's no evidence whatsoever that the country is capitalist.

Let me then just sum up; I've taken about half my time. The RCP's arguments are not Marxist arguments, the arguments that if you get in a position of power you're taken over by this compulsion to want to be a capitalist, and furthermore, that once you're in that position you have the means to transform whole modes of production (because a few leaders have a bad line). These ideas are ideas of bourgeois social theory, ideas of Michels and Max Weber, and have nothing in common with Marxist class analysis or Marxist analysis of modes of production.

And again, I think that somebody raised a question, if socialism can be taken away from the working class so easily, that even with forty years of education in the Soviet Union hardly any workers or no workers even thought that the country went capitalist, if it's that flimsy a system, why can we ever think that we can make socialism in the United States or any place else? Why bother if socialism can't work? That's really what you're saying, and that leads you to the same kind of cynicism that bourgeois social science says.

Now I've heard no evidence today that there's any export of capital, and that before '55 there wasn't while after '55 there was. I've heard no evidence that labor power is a commodity. I've heard no evidence that the logic of expanded reproduction holds, that it's money — labor power — expanded money. I've seen no evidence, and pretty much the RCP has conceded, that nothing that acts like or looks like a capitalist ruling class exists. I've seen no real evidence that profits are in command. The kind of arguments I've seen are arguments by assertion over and over again. Asserting has a certain

credibility because we are all born with, not born with, but born into a society that has those prejudices. If somebody asserts something we agree with, we applaud. And I've seen all kinds of circular arguments and if it's A it's social-imperialist, and if it's not-A it's social-imperialist. I've seen very little logic, very little Marxism, and even less evidence.

I have more time than I thought I had. Okay, again, this is a very brief review. I think the RCP has in good part said that it hinges on whether or not it's capital accumulation or socialist accumulation, whether or not labor power is a commodity or not. And I think we've reviewed the evidence. The Soviet Union has no reserve army of labor, while all alleged "other" capitalist societies do have it. The managers really don't have the power to fire workers or to move whole factories. That it's the *plan* that's predominant. And that plan is in good part organized both in the immediate interests of the working class *and* it has politics in command. Again in terms of education, quality of life, increasing the social wage, increasing participation, politics is in command and it's working class politics. I think production has been shown basically to be for use value, both by the expansion of the social wage, the fact that production is really oriented to the working class, and there is no evidence of the M—C—M' logic; that the plan generally operates to diminish the existing inequalities, to diminish the division of labor, to increase the quality of life; that prices are set by political criteria, and increasingly so as the subsidy on dairy and meat point out. If anything there is more of a divergence away from the law of value in the Soviet Union. And further, as I think the RCP fairly correctly points out, it's very important to talk about the direction of a society, and it's pretty clear again, by the increasing distribution on the basis of need, and the rather radical increase in equality *between* the very top jobs — the economic ministers, the Central Committee members, and the working class — the direction of the Soviet Union is forward.

Let me end, and this partially addresses what somebody asked me about Cuba, with a quote from Fidel Castro in 1975. Fidel says:

There will be many changes in the future. The day will even come when capitalism disappears in the United States. But our feelings of friendship for the people that helped us in those decisive and critical years, when we faced starvation and extermination, will be ever-lasting. Our confidence in Lenin's homeland is

unbounded because in the course of more than half a century the Soviet revolution has proved its adherence to the principles and consistent line or behavior in its international policy. It has shown this not only in Cuba but in Vietnam, in the Middle East, in the Portuguese colonies fighting for their independence, in Cyprus, Yemen and Angola, in every other part of the world where national liberation movements confront colonialism and imperialism, as it once did in an exemplary manner in the struggle of the heroic Spanish people. Its detractors are like dogs barking at the moon.

Thank you.

In May 1983 a major conference was held in New York City focusing on the question "The Soviet Union: Socialist or Social-Imperialist?" It culminated in a face to face debate between major spokespersons for the opposing views. Speaking in support of the Soviet Union's socialist character was Albert Szymanski, author of *Is The Red Flag Flying?* and *The Logic of Imperialism*. Presenting the Maoist and Revolutionary Communist Party analysis was Raymond Lotta, editor of *And Mao Makes Five* and co-author of *America in Decline*. This volume includes the full text of their debate.

"Careful analysis and open discussion on the successes and failures of past socialist revolutions is of the utmost importance. This debate on the nature of the Soviet Union is a welcomed guide to two major opposing positions on the left in advanced capitalist countries."

—Anwar Shaikh

Associate Professor, New School for Social Research;
Associate Editor of *The Cambridge Journal of Economics*

"A long overdue and much needed step in the secularization of Marxism in the Western world. This is a serious debate in which many of the old conceptualizations which no longer apply are reexamined. Through the reassessment of all sacred cows, including Russia, Marxists will be moving toward a reexamination of the entire revolutionary process, embellishing instead of merely mimicking what has gone before."

—Nathan Hare

Clinical psychologist and sociologist;
founding publisher of *The Black Scholar* (1969-1975)

"The importance of the current debate on the nature of the Soviet Union is perhaps the reflection of the increasing interest and the perceived significance of the subject of political economy during the last two decades in the United States. I am sure that the serious students of political economy cannot remain indifferent in this debate which has been going on for some time and will undoubtedly continue in the future. It is in this connection that I strongly recommend reading this volume with critical understanding and enthusiasm."

—Cyrus Bina

Professor, Olivet College; Editorial Board of the
Review of Radical Political Economics

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